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OFFICE OF NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

THE KNITTING INDUSTRIES

By
W. A. Gill

Frank Pouder Willis H. Ray A. H. Barenboim

WORK MATERIALS NO. 80

INDUSTRY STUDIES SECTION
March, 1936

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U.S. Dept of Commerce
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F O R E W O R D

This study of the knitting industries was prepared under the direction of Mr. Hirt A. Gill, of the Industry Studies Section, Mr. M. D. Vincent in general charge.

The study endeavors to give a background picture of the conditions of these industries out of which their problems arose; to measure the amount of success attained by the industries under their respective codes of fair competition in recognizing and remedying their ills; and to describe post-code conditions and efforts toward voluntary regulation.

The original plan of the study called for more comprehensive and more analytical coverage than later proved possible in the light of limitations of time and personnel. As it stands, however, the report has value both in its own right and as work-materials to be used as a basis for further study and analysis. Suggestions for further study are made in Appendix I.

At the back of the report will be found a brief statement of the studies undertaken by the Division of Review.

L. C. Marshall

Director, Division of Review

March 18, 1936

9823

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SUMMARY

CHARACTERISTICS OF THE INDUSTRY

The manufacture of knit goods is one of the major industries of the United States, comprising in 1929 about 1900 concerns, employing 208,500 workers at an annual payroll of $210,714,000 and producing nearly $900,000,000 worth of product.

It consists of three main divisions or separate industries, namely, hosiery, knit underwear and allied products, and knitted outerwear. Overlap between these branches, and between the knit goods and textile industries does not appear to be great. In 1929, hosiery had 730 establishments, employing 129,500 wage earners at an annual payroll of $140,079,000 and producing $528,700,000 worth of product. In the same year the knit underwear industry consisted of 251 establishments employing 41,500, at a payroll of $32,928,000 and producing $150,842,000 value of product. The knitted outerwear industry that year, comprised 757 establishments, employing 29,000 persons, at $28,934,000 payroll and producing product valued at $147,249,000.

The industry is interstate in character, and highly decentralized composed largely of small units, generally located in small towns. Demand is fairly stable for hosiery and underwear, but outerwear demand is largely affected by style. The industry does not appear to be as profitable as "All Manufacturing" operations and suffered great deficits during the depression.

Pre-code problems of the industry were similar to those of the textile industries with much unemployment, irregularity of employment, and a trend toward low wages, idle equipment, very large inventories in some branches and price demoralization, complicated by certain economic movements taking place within the industry. It also suffered from much economic pressure from its customers.

CODE ADMINISTRATION

Hosiery

Production control code provisions, though given much thought, amended and widely advocated by the trade association, were largely ineffectual, and apparently discriminated between certain groups in the industry.

Price control, without unqualified governmental approval, though attempted, was not effective. Prices which in 1932 had declined to less than one-half of 1929 values were somewhat increased by higher labor and material costs under the Code.

The trade association-code authority tie-up, which apparently did not make for a true representation of small and non-association units, after criticism by the Darrow Board, was partially corrected. The Code Authority was marked by an active and efficient administration,

although at times through power extra-legally assumed. Its statistical activities were of great value.

Underwear and Allied Products

The definition of the industry contained in the code was not clear, resulting in problems of classification between the Industry and the following industries: Cotton textile, cotton garment, infants' and children's wear, undergarment and negligee, and knitted outerwear. These difficulties were never entirely eliminated.

Controversies with the "circular knit group", due to the provision limiting the productive hours of knitting machines, continued throughout the code period, which, combined with an attitude of indifference on the part of the Code Authority, together with the loss of the effective enforcement agent - mandatory labels - made effective compliance difficult.

Knitted Outerwear

Some criticism was made as to the truly representative character of the Code Authority, and it was charged that elections were controlled by a few individuals. The leadership of the Code Authority was strong, active and efficient. In activities such as interpreting code provisions and acting on exemptions, the Code Authority exercised powers which the National Recovery Administration later ruled were beyond the Code Authority's legitimate domain.

Regulation and statistical knowledge of the evils in the relationship between the Industry's contractors and contract-employees, and in homework, were progressing nicely at the time of the Supreme Court decision in the Schechter case. These are real problems and inherently threaten the Industry's structure. Over 20,000 homeworkers, scattered throughout 31 states, were a great concern to members of the industry.

EFFECTS OF THE CODES ON LABOR

Hosiery

Employment during the depression declined to an estimated low of 96,500, the average work week to about 42 hours, and the average hourly wage rate to about 34 cents per hour, resulting in average weekly earnings of $13.63.

The code was a great benefit to labor, in abolishing child labor, in decreasing working hours 27 percent, in increasing employment to within 5 percent of the 1929 level, and in checking the trend toward unsocial wages by increasing the average weekly earnings 18 percent to $16.11 per week.

Underwear and Allied Products

Employment was increased from a depression low of 25,500 to an

average of 34,600 in 1934; the average work week was shortened from 40 to 32.9 hours; the average hourly wage rate for 1934 at 39.8 cents per hour was 14.6 percent higher than that of 1932 and 71.5 percent higher than the low of April 1932 (23.2 cents). Average weekly earnings for 1934 ($13.15) were 11.1 percent higher than in 1932 and 33.7 percent higher than the low of $9.84 in July 1932; largely as a result of the Code in this almost unorganized industry.

Knitted Outerwear

The principal benefit to the employees of the Knitted Outerwear Industry appears to have been a 14.6 percent shortening of the work week (from 41 to 35 hours), coupled with a simultaneous 33.6 percent increase in the average hourly wage rate. The employment increase (6.6 percent) due to the shorter work week was slight. A partial smoothing out of the seasonality fluctuations in employment appears to have occurred. Average weekly earnings show slight changes from the pre-code period.

POST-CODE CONDITIONS

Up until September, 1935 attempts on the part of the industry to induce its members to present voluntary codes were not successful, not through lack of need, but because of failure to obtain assent from sufficient numbers of the members of the various groups. Only the Wool group of the hosiery industry succeeded in obtaining an agreement but no formal approval had been obtained by this group up until September, 1935. In the knitted outerwear industry failure was attributed to the inertia among individual members and to the physical nature of the industry.

As of March 19, 1936 no voluntary trade practice codes had as yet been submitted to the Federal Trade Practice Commission since the termination of the codes as a result of the Schechter Decision. (*)

Indications are that "Post-Code" labor conditions are little changed from those of the code period, in spite of union charges of chiseling in the hosiery industry and strikes occurring lately in some branches of the industries, however, additional data on this phase are desirable.

(*) Statement of Mr. George McCorkle, Director of Trade Practice Conferences of Federal Trade Commission, 3/19/36.

PART A

By

Wirt A. Gill

INTRODUCTION AND HISTORY OF THE INDUSTRIES' DEVELOPMENT

And

THEIR GENERAL CHARACTERISTICS

CHAPTER I

INTRODUCTION

The knit goods industry is one of the most important of the textile and apparel industries. Its problems are those of these industries in general - obsolete and idle machinery, contracting, homework, styles and seasonality.

Further, the industry is extremely decentralized, as may be seen from the following comparison::

Textile Industry	Average Value of Product per Plant, 1 9 2 9
Cotton	$1,193,810
Wool	1,133,543
Silk	488,936
Knit Goods	467,125

SOURCE: Census of Manufactures.

Thus the average knitting establishment is only about one-third the size of the average cotton or wool plant, and is approached in smallness of size only by silk mills.

The importance of the industry from a statistical point of view can be seen from the 1929 census figures. In that year, there were 1888 establishments, which produced nearly $900,000,000 worth of products, employed 208,488 wage earners, and had an annual payroll of $210,714,000.

There are certain distinct advantages to knitted fabrics which make them admirable for clothing purposes. These may briefly be summarized as follows: (*)

(*) "Knitting - its Products and Process" by J. F. Captin (New York Dry Goods Economist, 1927)

-Advantages-

1. Soft and elastic - soft to the touch - strain due to body movements distributed, therefore comfortable - elasticity makes it durable.

2. Absorbent - Because of looped construction absorbs moisture.

3. Economical - Uses low grade loose spun yarn-process, and is more rapid than weaving.

4. Adaptable - thick or thin, close or open.

In all fairness, it must be stated that such fabrics have the following disadvantages:

-Disadvantages-

1. Looped construction allows drop-stitching.

2. Hard to sew.

3. Garments sag and stretch and lose shape.

4. Garments not dressy.

INDUSTRIES AND CODES COVERED

As this study deals with the knit goods industry as recognized by NRA codification, it is divided into the following branches:

HOSIERY

UNDERWEAR AND ALLIED PRODUCTS

KNITTED OUTERWEAR

The census has a fourth classification, the manufacture of knit cloth. In this study, such a branch of the industry will not be recognized, since this product is later used in further manufacture by the knitted outerwear and underwear industries.

Since each of these branches is, in effect, a distinct industry, after the preliminary historical sketches, they are treated under separate sections of the report.

CHAPTER II

TECHNOLOGICAL DEVELOPMENT

Knitting.

Knitting, one of the fundamental inventions (*), consists of forming a fabric or looped web (**) from yarns or threads.

Woven fabrics have been made from the earliest times, and indications are that the process of knitting by hand was known even at the time of Christ. In addition knitted products have been found in archaeological ruins.

Further historical reference to the process is lacking until about 1492, when mention is made of the Saxon word "cynttan" (***) meaning to make a fabric from threads by hand.

It appears that the growth of the art of hand-knitting was extremely rapid about this time so that forty years later women in all walks of life throughout England and Scotland were so engaged.

Since the earliest times, when men discovered the advantages of protected feet, they have tried every imaginable experiment with all kinds of fabrics, designs and constructions (****). The invention of knitting solved the perplexing problem of how to make a garment that would fit the shape of the human leg and foot. This is largely due to the elasticity of the knitted cloth which allows it to expand or contract and thus fit the contours of the body.

The Machine.

In 1589, Reverend William Lee invented a knitting machine (*****) which fundamentally has not been changed since that time. The knitting machine is largely responsible for the industry's enormous growth. Today it is the very heart of the industry, as is easily seen by the following comparisons: In the old days, a fast hand-knitter could make one sock a day. Lee's invention made it possible to produce with the hand frame a

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(*) See "The Manufacture of Hosiery & Its Problems" by E. M. Schenke (National Association of Hosiery Manufacturers New York)

(**) "Story of the Stocking" by O. Osborne (published by O. Osborne 1927)

(***) "Knitted Fabrics" by John Chamberlain and J. H. Quitler, (London, New York, Pitman and Sons 1919)

(****) "The Story of Hosiery" by W. Taylor, (May Hosiery Mills 1931)

(*****) "Knitted Fabrics," J. Chamberlain and J. H. Quitler, supra

few pairs per day; an operator of a set of 30 automatic seamless machines at the present time can produce over 150 dozen pairs of half hose in a day. William Lee saw the possibility of knitting at one operation the complete course, instead of a single loop, by bringing all of the loops forward simultaneously and casting them over a new corrugated thread. After some experimenting this was accomplished, and we received the hook form, or barbed bearded needle, which to this day is used in every country where the knitting industry is established.

Although there have been no fundamental changes in the knitting machine since the original invention, it has been vastly improved by alteration so as to be operated by power instead of by hand and refined by the addition of several rows of needles and by changes in needle arrangement. As an indication of the improvements in the machine, the modern full-fashioned machine consists of about 55,000 parts.

Principal among these developments has been the invention of a self-acting latch needle by Matthew Townsend, in England, in 1847. This needle consisted of a spoon-shaped latch, attached to the stem near the hook-end of the needle by a pin. This was the first practical alteration of Lee's original bearded needle. The eye of this needle was closed by this latch automatically in its movement through the yarn instead of being closed by the pressure of a bar as in the bearded or spring needle. This new form of needle revolutionized the entire Knitting Industry, in many respects, since its invention was shortly followed by the circular latch needle machine.

The following table contains a brief chronological list of important knitting inventions:

Table I

Chronological List of Important Knitting Inventions

INVENTION	DATE	INVENTOR	RESIDENCE
Original Knitting Machine	1589	Wm. Lee	Calverton, England
Rib Machine	1758	Jedidiah Strutt & Wm. Wollatt	Derby, England
Openwork	1764	Morris, Betts and Shaw	England
Knit Plush	1767	Hardy, David, Dorilla	England
Power Knitting Machine		Samuel Wise	England
Warp Machine	1775	Disputed	-
Fleece Fabric	1786	George Holland	London, England
Thread Carriers	1789	Rose	Nottingham, England
Circular Knit Machine	1798	Decroix	France
Circular Loop-Wheel Machine	1808	Leroy	Paris
Moveable Bladed Burr	1841	Jacquin	Troyes, France
Moveable Bladed Burr Parallel Bars	1847	Fourquet	"
Automatic or Latch Needle	1847	Matthew Townsend	Leicester, England
Parallel Needle upright Knit Machine	1849	Moses Miller	"
Circular Latch-Needle Knit Machine	1853	Thompson	"
Large Jack-Sinker Burr	1856	Nopper & Foquet	Germany
Lamb Knit Machine	1863	I. W. Lamb	U. S.

Sources: Compiled from standard works on knitting such as "Knitted Fabrics" by John Chamberlain and J. H. Quilter, (Pitman & Sons 1919 New York and London), abridgments of British Patents, and standard encylopedias.

CHAPTER III

GENERAL CHARACTERISTICS OF THE KNITTING INDUSTRIES

OVERLAP BETWEEN THE TEXTILE AND THE KNITTING INDUSTRIES

Although the knitting industries are very close to the textile industries in many of their processes and problems, the overlap between them is not great. Table II indicates the amount of this overlap as measured by the equipment owned by the concerns manufacturing both types of product.

Of the concerns that are primarily knitting establishments only about 200 or less than 12 per cent perform any textile operations. As would be expected the largest overlap occurs among the knitting concerns which prepare their own raw materials, 9.5 4.8 per cent perform both knitting and spinning operations. This group is relatively unimportant from a machinery standpoint as it owns only 2.1 per cent of the total spindles and 15.1 per cent of the total knitting machines.

It is surprising that this group is not larger. Its smallness indicates to what a large extent the knitting industries purchase their raw materials as yarns already processed and ready for knitting.

The groups of primary textile concerns who perform some knitting operations are even smaller as only 5 "spinning and throwing", 3 "weaving" and 25 "braiding" concerns perform some knitting operations. As evidence of the relative unimportance of these primary textile concerns which in any way affect the knitting industries, the above groups combined own only about 1 per cent of the total knitting machinery.

The groups that perform three operations are also small, only 11 concerns "weaving, knitting and spinning"; only 2 "braiding, knitting and spinning"; and only 3 "knitting, weaving and braiding"; and only 9 "knitting, weaving and spinning". These groups own an extremely small part of the total knitting equipment.

OVERLAP BETWEEN THE THREE KNITTING INDUSTRIES

Table III, shows the relative importance of the various branches or separate knitting industries, and the degree of overlap between these industries as measured by their knitting equipment.

Hosiery and outerwear are of almost equal importance in their proportions of the total knit goods industry (roughly 37 per cent each), but the hosiery industry is far more important in machinery inventory, as it has nearly 64 per cent of the total knitting equipment. This proportion would probably be even greater if this tabulation had included "ribbers" among the knitting equipment.

Underwear and knit cloth are a small portion of the knit goods industry both in numbers (5.4 and 3.9 per cent respectively) and in their ownership of equipment (4.9 and 2.7% respectively).

TABLE II

KNITTING AND TEXTILE MANUFACTURING CONCERNS, CLASSIFIED ACCORDING TO PRINCIPAL FUNCTION OR OPERATION, SHOWING MACHINERY OPERATED - 1935

TYPE OF CONCERN	CONCERNS	PERCENT OF DISTRIBUTION of Total Textile Concerns	PERCENT OF DISTRIBUTION Within Major Group	AMOUNT OF MACHINERY-XXX SPINDLES	LOOMS	BRAIDERS	KNITTERS	PERCENT OF MACHINERY SPINDLES	LOOMS	BRAIDERS	KNITTING MACHINERY
TOTAL All Knitting and Textile Concerns	5,235	100.0		40,170,279	820,811	194,321	186,941	100.0	100.0	100.0	100.0
I. Total Knitting Concerns	1,889	36.1	100.0	880,155	367	104	182,669	2.1	.1	.1	97.6
A. Knitting without Spinning Group	1,690	32.3	89.5	-	130	89	152,826	-	•	•	81.7
1. Knitting Only	1,672	31.9	88.5	-	-	-	152,259	-	-	-	81.4
2. Knitting and Weaving	12	.2	.6	-	110	-	379	-	•	-	.2
3. Knitting and Braiding	3	.1	.2	-	-	81	164	-	-	•	.1
4. Knitting, Weaving and Brai- ing	3	.1	.2	-	20	8	24	-	•	•	•
B. Knitting and Spinning Group	101	1.9	5.3	880,155	237	15	29,843	2.1	•	•	15.9
1. Knitting and Spinning Only	91	1.7	4.8	844,876	-	-	28,290	2.1	-	-	15.1
2. Knitting, Weaving and Spin- ning	9	.2	.5	35,087	219	-	1,520	•	•	-	.8
3. Knitting, Braiding and Spin- ning	-	-	-	-	-	-	-	-	-	-	-
4. Knitting, Weaving, Braiding and Spinning	1	•	•	192	18	15	33	•	•	•	•
No data on Machinery	98	-	-	-	-	-	-	-	-	-	-
II. Total Spinning and/or Throwing	264	10.8	100.0	9,468,351	1,755	140	793	23.6	.2	.1	.5
A. Spinning and Knitting	5	.1	.9	170,384	-	-	793	.4	-		.5
III. Total Weaving Concerns	2,196	41.9	100.0	29,720,605	815,511	5,348	1,567	74.1	99.4	1.0	.9
A. Weaving and Knitting	3	.1	.1	-	80	-	48	-	•	-	•
B. Weaving, Braiding & Knitting	-	-	-	-	-	-	-	-	-	-	-
C. Weaving Knitting and Spinning	11	.2	.5	596,936	13,643	-	991	1.5	1.7	-	.5
D. Weaving, Braiding, Knitting and Spinning	3	.1	.1	383,326	4,945	2,055	528	1.[illegible]	.6	1.1	.3
IV. Total Braiding Concerns	254	4.9	100.0	101,168	3,178	188,729	1,912	.2	.3	97.1	1.0
A. Braiding and Knitting	25	.5	9.9	-	-	11,905	1,11[illegible]	-	-	6.1	.6
B. Braiding, Weaving and Knitting	15	.3	5.9	-	884	10,925	761	-	.1	5.6	.4
C. Braiding, Knitting and Spinning	2	•	.7	18,196	-	800	25	•	-	.4	•
D. Braiding, Weaving, Knitting and Spinning	1	•	.4	906	21	50	11	•	•	•	•

* Less than 0.5%

XXX Includes machinery of specified kinds without regard to type or size. Thus broad looms and narrow looms are counted, for this purpose as equivalent units. Ribbers have not been included in the total for Knitting Machines.

SOURCE: Compiled by the Industry Reporting Unit, Division of Review, From Davison's Textile Blue Book 1935 and Official American Textile Directory 1935, Davidson's Knit Goods Trade, 1936, (Davidson Publishing Co., New York) (Textile World Division, McGraw-Hill Publishing Co., Inc., New York)

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The overlap between the various branches of the industry, as a result of the production of products in other branches, does not appear to be very great, the most important case occurring where concerns manufacture both outerwear and underwear. As would be expected, a product like knit cloth, which is the raw material for further processing into garments, overlaps into both the outer and under garment fields, many concerns manufacturing their own knit cloth. Instances where manufacturers engage in making three products are relatively unimportant, less than 1 per cent of the concerns in each group owning not more than 2 per cent of the industry's equipment being so engaged.

This tabulation and the facts revealed by it indicate that the problem of jurisdictional conflict due to inadequate and overlapping code definition should not prove wholly incapable of solution, as far as these industries are concerned, and makes one wonder at the great amount of trouble and annoyance it created in NRA code administration. (See Chapter V, Part C). Of course the "rugged individualism" and opposition to regulation on the part of some business men partly explain such difficulties.

RAW MATERIALS

Further relationship between the textile and the knitting industries are seen in raw material purchases.

The knitting industries are marked by the fact that they do not make their own yarns from raw fibres, but buy them in the open market. The textile industries, on the other hand, although they buy large quantities of yarns, use a greater proportion of raw fibres. These facts mean that the knitting industries are the customers of the textile industries for raw materials.

In this respect, the knitting industries are a very important user of yarns, roughly 40% of the total United States consumption of purchased yarns being consumed by them during the period 1925 through 1931.

Table IV, shows the relative importance of the knitting industries consumption of purchased yarns by important fibres.

In 1931, over one-half of the total consumption of silk yarns; over 40% of the rayon yarns; over 40% of the cotton yarns; nearly 37% of the wool yarns; and nearly 30% of the "other yarns" were consumed by the knitting industries.

This table also shows consumption of purchased yarns for other census years back to 1925. Note the increasing volume of novelty or "other yarns" consumed by the knitting industries.

As a consumer of raw fibres the knitting industries are not so important, only about 2 per cent of the total raw fibre consumption being consumed by them. Only in raw silk consumption do the knitting industries take a sizeable amount of the total consumption. Roughly 15% of the raw silk fibre consumed in the United States is consumed in the knitting industries, most of this being used in hosiery manufacturing. (See Table V).

TABLE III

KNITTING INDUSTRY

Number of Concerns and Knitting Machines by Product Groups

Product Manufactured	NUMBER OF CONCERNS			Number of Knitting Machines	PERCENT OF TOTAL (*)	
	Total	Reporting Knitting Machines	No Data on Machinery		Concerns	Knitting Machines
TOTAL	1,758	1,669	89	152,145	100.0	100.0
Hosiery	649	612	37	96,860	36.7	63.6
Outerwear	656	622	34	19,792	37.3	13.0
Underwear	94	91	3	7,513	5.4	4.9
Knit Cloth	67	65	2	4,059	3.9	2.7
Hosiery & Outerwear	55	51	4	4,355	3.1	2.9
Hosiery & Underwear	8	8	-	1,038	.5	.7
Hosiery & Knitcloth	7	7	-	522	.4	.3
Outerwear & Underwear	49	47	2	5,018	2.8	3.3
Outerwear & Knitcloth	56	54	2	3,614	3.2	2.4
Underwear & Knitcloth	23	23	-	1,929	1.4	1.3
Hosiery, Outerwear & Underwear	3	3	-	190	.2	.1
Hosiery, Outerwear and Knitcloth	15	14	1	640	.8	.4
Hosiery, Underwear & Knitcloth	4	4	-	2,873	.2	1.9
Outerwear, Underwear & Knitcloth	15	15	-	1,644	.9	1.1
Hosiery, Outerwear, Underwear & Knitcloth	8	8	-	710	.5	.5
Miscellaneous	49	45	4	1,388	2.7	.9

SOURCE: Compiled by the Industry Reporting Unit, Division of Review, From "Davison's Knit Goods Trade, 1935 edition.

NOTE: The 1758 concerns shown here do knitting exclusively. Concerns which do other processing in addition to knitting are not included. Ribbers are not included in knitting machinery classification.

(*) There are included here only those 1669 concerns which reported machinery.

TABLE IV

PURCHASED YARNS CONSUMED BY THE KNITTING INDUSTRIES

Thousands of Pounds

	Total U. S. Consumption	Consumption of the Knit Goods Industry	Per cent of Total Consumed by the Knit Goods Industry
1931			
Cotton	344,058	138,714	40.3
Wool	125,634	46,431	36.9
Silk	25,221	12,996	51.5
Rayon	138,282	55,739	40.3
Other Yarns	17,385	5,297	29.6
*Total	651,113	259,177	39.8
1929			
Cotton	480,954	190,356	39.6
Wool	141,993	45,435	32.0
Silk	26,039	13,207	50.7
Rayon	128,289	56,368	43.9
Other Yarns	20,732	3,715	17.9
*Total	798,507	309,098	38.7
1927			
Cotton	481,399	210,680	43.8
Wool	138,224	43,515	31.5
Silk	39,531	11,537	29.2
Rayon	89,645	36,581	40.8
Other Yarns	21,651	2,425	11.2
*Total	770,450	304,738	39.6
1925			
Cotton	484,720	222,943	46.0
Wool	141,657	44,990	31.8
Silk	35,689	8,790	24.6
Rayon	57,119	23,680	41.5
Other Yarns	11,300	791	.7
*Total	30,465	301,194	41.2

* Hemp, Linen and Mohair omitted.

Source: Census of Manufactures

TABLE V

RAW FIBRE CONSUMPTION OF THE KNIT GOODS INDUSTRY

(Thousands of Pounds)

1931	Total U. S. Consumption	Consumption of the Knit Goods Industry	Per cent of Total Consumed by the Knit Goods Industry
Cotton	2,759,091	56,690	2.1
Wool	451,611	2,980	.7
Silk	56,512	8,967	15.9
*Total	3,267,214	68,637	2.1
1929			
Cotton	3,635,322	71,655	2.0
Wool	533,377	6,599	1.3
Silk	64,215	9,484	14.9
*Total	4,232,969	87,738	2.1
1927			
Cotton	3,765,409	66,772	1.8
Wool	544,901	4,909	.9
Silk	47,755	8,023	16.8
*Total	4,358,065	79,587	1.8
1925			
Cotton	3,232,790	66,068	2.0
Wool	562,447	6,223	1.1
Silk	43,058	4,921	11.4
*Total	3,838,295	77,212	2.0

* Hemp, Linen and Mohair omitted

Source: Census of Manufactures

TABLE VI

RAW MATERIAL CONSUMPTION OF THE KNITTING INDUSTRIES - 1919 to 1931

Thousands of Pounds

Year	Total Fibre & Yarn Consumption	Percent	Cotton	Percent of Total	Wool	Percent of Total	Silk	Percent of Total	Animal Hair	Percent of Total	Rayon	Percent of Total	Other Yarns	Percent of Total
1931	327,813	100.0	195,404	59.6	49,411	15.1	21,962	6.7			55,739	17.0	5,297	1.6
1929	396,317	100.0	1/262,011	66.0	52,033	13.1	22,690	5.7			56,363	14.2	3,715	1.0
1927	334,442	100.0	277,451	72.2	43,424	12.6	19,561	5.1			36,581	9.5	2,425	.6
1925	373,406	100.0	289,011	76.4	51,213	13.5	13,711	3.6			23,680	6.3	791	.2
1919	352,090	100.0	310,462	88.2	29,503	8.4	6,977	2.0	706	.1	4,154	1.2		

1/ In this year this industry reported sale of 13,733,311 lbs. of waste and 8,430,308 lbs. of yarn

SOURCE: Census of Manufactures.

T A B L E VII

KNITTING INDUSTRY

ALL KNITTING CONCERNS GROUPED ACCORDING TO SIZE AND PRODUCT PRODUCED------1935

Size of Concern (Based on Number of Knitting Machines)	NUMBER OF CONCERNS						NUMBER OF KNITTING MACHINES					
	Total	Hosiery Only	Outerwear Only	Underwear Only	Knitcloth Only	All Others	Total	Hosiery Only	Outerwear Only	Underwear Only	Knitcloth Only	All Others
Under 25 knitting machines	716	153	404	19	36	104	9,204	2,083	4,986	294	472	1,369
25 to 49 Knitting Machines	307	98	106	30	13	60	10,515	3,457	3,578	1,084	433	1,963
50 to 99 " "	278	115	77	19	12	55	19,030	7,934	5,177	1,258	829	3,832
100 to 149 " "	131	71	22	11	1	26	15,143	8,170	2,451	1,303	120	3,099
150 to 199 " "	56	35	6	5	-	10	9,434	5,988	950	804	-	1,692
200 to 299 " "	65	46	3	3	-	13	15,247	10,880	650	655	-	3,062
300 to 399 " "	35	29	1	-	1	4	11,529	9,699	325	-	305	1,200
400 to 499 " "	31	25	-	2	1	3	13,654	11,064	-	930	400	1,260
500 to 999 " "	37	30	3	2	-	2	23,094	18,910	1,675	1,185	-	1,324
1,000 to 1499 " "	4	4	-	-	-	-	4,403	4,403	-	-	-	-
1,500 to 1999 " "	3	2	-	-	1	-	5,042	3,542	-	-	1,500	-
2,000 to 2499 " "	4	3	-	-	-	1	9,530	7,230	-	-	-	2,300
2,820 " "	1	-	-	-	-	1	2,820	-	-	-	-	2,820
3,500 " "	1	1	-	-	-	-	3,500	3,500	-	-	-	-
TOTAL	1,669	612	622	91	65	279	152,145	96,860	19,792	7,513	4,059	23,921
NO DATA ON MACHINERY	89	37	34	3	2	13						
	PERCENT OF TOTAL											
Under 25 knitting machines	42.9	25.0	64.9	20.9	55.4	37.3	6.0	2.2	25.1	3.9	11.6	5.8
25 to 49 knitting machines	18.4	16.0	17.0	32.9	20.0	21.5	6.9	3.7	18.1	14.4	10.6	8.2
50 to 99 " "	16.7	18.8	12.4	20.9	18.5	19.7	12.5	8.2	26.2	16.8	20.5	16.0
100 to 149 " "	7.8	11.6	3.5	12.1	1.5	9.3	9.9	8.5	12.4	17.3	3.0	12.9
150 to 199 " "	3.4	5.7	1.0	5.5		3.6	6.2	6.2	4.8	10.7	-	7.1
200 to 299 " "	3.9	7.5	0.5	3.3	1.5	4.7	10.0	11.0	3.3	8.7	-	12.9
300 to 399 " "	2.1	4.7	0.2	-	1.5	1.4	7.8	10.0	1.6	-	7.4	5.0
400 to 499 " "	1.8	4.1	-	2.2	-	1.0	9.0	11.4	-	12.4	9.9	5.4
500 to 999 " "	2.2	4.9	0.5	2.2	-	.7	15.1	19.5	8.5	15.8	-	5.4
1,000 to 1499 " "	0.2	0.7	-	-			2.9	4.5				
1,500 to 1999 " "	0.2	0.3	-	-	1.6	.4	3.3	3.7			37.0	
2,000 to 2499 " "	0.2	0.5	-	-		.4	6.3	7.5				9.6
2,820 " "	0.1	-	-	-			1.8	-				11.7
3,500 " "	0.1	0.2					2.3	3.6				-
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Compiled by the Industry Reporting Unit, Division of Review, from "Davison's Knit Goods Trade", 1935 Riobers are not included in knitting machinery classification.

Table VI, shows the relative importance of the various raw materials consumed by the knitting industries. Cotton is by far the most important raw material used by these industries, accounting for 60% by weight of the total raw material consumption of the knitting industries in 1931. In previous years it was a far more important raw material, in 1919 accounting for 88.2% of the total raw material consumption. Cottons displacement as a raw material is largely due to the rapid rise of rayon as a raw material. In 1919 this material amounted to only 1.2% of the total raw materials consumed by the knitting industries, by 1931 it amounted to 17% of the total. This increase in importance of rayon is largely due to its popularity in underwear manufacture and to small amounts being used as a low priced substitute for silk in hosiery manufacture.

Attention is called to the fact that total raw material consumption of the knitting industries by weight, has remained roughly constant throughout the years 1925 to 1929, and did not materially decline in the depression year of 1931. This in spite of the fact that there is a decided trend toward lighter weight garments, especially in underwear.

SIZE OF ESTABLISHMENTS, BY KNITTING MACHINES

An important characteristic of the knitting industries is the preponderance of small sized concerns. As pointed out in the first chapter, the knitting industry is extremely decentralized when measured by the average annual value of product per plant. A further measure of the size of knitting establishments is shown by the following table in which the knitting industries are classified by number of knitting machines per establishment.

Note that over 60% of the concerns of the entire industry are small in size (less than 50 machines per plant) and nearly 42 per cent are extremely small. In spite of the large number of small concerns, they own only a small proportion of the industry's total equipment, less than 13 per cent being owned by group composed of mills with less than 50 machines each.

Smallness of size of establishments appears to be characteristic not only of the entire industry but of each of its branches.

Over 50 per cent of the mills in each Industry are small in size (less than 50 machines per concern). The only noteworthy difference appears in the hosiery industry, where, though over half the industry is made up of small concerns, there is, on the other hand, an exceedingly small group (less than 2 per cent) of exceptionally large mills with over 1,000 machines each, which own over 19.3 per cent of the total knitting equipment of the hosiery industry. (See Table VII.)

PLANT LOCATION

The knitting industry is not one in which firms have a large number of plants widely scattered throughout the country. According to a tabulation of the concerns in "Davidson's Knit Goods Trade" (1935 Edition) 98.6 per cent of the mills have their plants in only one state, only 1.3 per cent have mills in 2 states. (See Table VIII)

Examining Table IX, it is seen that roughly 5 per cent of the concerns in the industry operate more than one plant. Though in numbers this proportion is small this group potentially could control a sizeable amount of the industry's production since they own nearly 22 per cent of the industry's knitting equipment.

The importance of these large concerns is particularly noticeable in the Hosiery industry.

FINANCIAL DATA

The accompanying important financial data for the knit goods industry is taken from compilations made from published reports and tabulations sheets of the Bureau of Internal Revenue for the period 1926 to 1933. While it is impossible to thoroughly analyze this data under the limitations under which this study is made, certain salient facts are worth mentioning.

The number of concerns reporting annually to the bureau remained practically constant at around 1200 throughout the period. From 1927 through 1929, over 700 of this number reported a net income. Beginning in 1930 the number reporting net income declined sharply to 512 in 1931. Even in the depression year of 1932 nearly 300 concerns showed a net profit. In 1933, considerable improvement is seen with 580 concerns showing a net profit.

Table X, shows a comparison between knit good manufacturing and all manufacturing; it is seen that in percentage of members of each industry with a net income, about the same proportion of the both industries made a profit for the period 1927 through 1929. During the depression a smaller proportion of the knit goods industry made a profit. Thus for 1927 through 1929 about 60% of the concerns in both all manufacturing and knit goods manufacturing had a profit.

In 1930, although 66.3% of all manufacturing concerns had a profit, only 40.7% of the knit goods concerns had a profit. Conditions were even worse in 1932, in which year 43% of all manufacturing concerns showed a profit, while only one-fourth of the knit goods concerns showed a profit.

Recovery apparently occurred more rapidly in all manufacturing than in knit goods manufacturing. In 1933; 66.5% of all manufacturing concerns operated profitably while only 45.2% of knitting concerns so operated.

Preliminary Draft

TABLE VIII

KNITTING INDUSTRY

Number of Knitting Concerns Grouped According to Number of States In Which Their Mills are Located--1935.

Number of States in Which Mills of Individual Concerns Are Located	Concerns Having Mills in Specified Number of States	
	Number	Percent of Total
Total Number of Concerns	1,758	100.0
Total Number of Mills	1,868	-
One only	1,733	98.6
Two	23	1.3
Three	2	0.1

SOURCE: Compiled by Industry Reporting Unit, Division of Review from, "Davison's Knit Goods Trade," 1935 Edition.

Preliminary Draft

TABLE IX

KNITTING INDUSTRY

Number of Knitting Concerns Grouped According to Number of Mills Owned
1935

Number of Mills Owned by Individual Concerns	Concerns Owning Specified Number of Mills: Number	Concerns Owning Specified Number of Mills: Percent of Total	Total Knitting Machines in Concerns Owning Specified Number of Mills: Number of Knitting Machines	Total Knitting Machines in Concerns Owning Specified Number of Mills: Percent of Total
Total Number of Concerns	a/1,758	100.0	152,145	100.0
Total Number of Mills	1,864	-	-	-
One Only	b/1,681	95.6	118,941	78.2
Two	54	3.1	18,375	12.1
Three	c/ 18	1.0	6,294	4.1
Four	4	0.2	6,593	4.3
Five	1	0.1	1,942	1.3

SOURCE: Compiled by Industry Reporting Unit, Division of Review, from "Davison's Knit Goods Trade 1935 Edition.

Note; a/ Includes 89 concerns which do not report knit machines
b/ " 87 " " " " " " "
c/ " 2 " " " " " " "

TABLE X

PER CENT OF CONCERNS REPORTING TO BUREAU OF INTERNAL REVENUE THAT SHOWN A NET PROFIT AFTER TAXES

Year	All Manufacturing	Knit Goods Manufacturing
1926	61.5	54.0
1927	60.1	62.2
1928	61.1	62.8
1929	61.0	61.1
1930	66.3	40.7
1931	47.6	37.7
1932	43.0	25.3
1933	66.5	45.2

Source: Bureau of Internal Revenue, tabulation sheets nad published reports - also in NRA Files

The combined figures for the entire industry show a compiled net profit after taxes of well over $21,000,000 for the period 1926 through 1929, with a net profit in some years (1928) of over $30,000,000.

From 1930 through 1932 the combined figures for the entire industry show a rather large deficit, ranging from over $15,808,000 in 1930, to a high of $26,147,000 in 1932.

By 1933, the industry had affected a partial recovery, the combined figures for the entire industry showing a net profit of $4,381,000.

It is interesting to note that the knit goods industry paid combined dividends (cash and stock) during this period, reaching a maximum of over $25,000,000 in 1929, declining sharply to around $5,000,000 for 1932 and 1933.

Also interesting is the fact that the industry's compensation-paid officers in no year was less than $12,000,000, and over $17,000,000 annually for the years 1928, 1929 and 1930.

Table XI, shows a comparison between the return on investment in knit goods industry and all manufacturing. In this comparison "operating net income", roughly represents income from the knitting or manufacturing operations since profit or deficit from sales of capital assets are deducted from statutory net income. In this tabulation the net worth of the knit goods industry was estimated for the period 1926 through 1929.

From this tabulation it appears that return on investment in the knit goods industry for the prosperous years 1926 through 1929 was slightly less than the return on all manufacturing investment. It is likely that

the assumed net worth is high for the years 1926 and 1927 so that return probably was greater in these years, but even so it is doubtful if it was greater than in all manufacturing.

The depression as measured by deficits began sooner in the knit goods industry than in all manufacturing. In 1930 the knit goods industry showed a negative return on investment of nearly 3.5% while all manufacturing showed a positive return of 2.25%. In both the years 1931 and 1932 the deficits were proportionately greater in knit goods manufacture than in all manufacturing, the ratio of operating net deficit to net worth being -5.6 and -6.5% for these respective years in knit goods compared with only -1.24 and -3.55% for all manufacturing. In 1933 both industries showed a profit, with a slightly greater ratio of operating net income to net worth in the knit goods industry.

Gross sales which approximated $700,000,000 annually from 1926 through 1930, declined sharply to $542,156,000 in 1931 and to a low of $416,461,000 in 1932, recovering slightly to $453,485,000, in 1933.

TABLE XI

RELATIVE RETURN ON INVESTMENT - ALL MANUFACTURING AND KNIT GOODS MANUFACTURING - 1926 - 1933.
(Millions of Dollars)

Year	All Manufacturing			Knit Goods		
	a/ Net Worth	b/ Operating Net Income	Ratio Operating Net Income to Net Worth	a/ Net Worth	b/ Operating Net Income	Ratio Operating Net Income to Net Worth
			Percent			Percent
1933	43,339	450	1.04	358.9	5.5	1.53
1932	43,975	- 1,553	- 3.55	352.0	-22.7	- 6.46
1931	47,638	- 577	- 1.24	401.3	-22.4	- 5.60
1930	52,121	1,172	2.25	458.5	-16.0	- 3.49
1929	52.692 e/	4,247	8.04	d/	29.3 c/	6.37
1928	50,020 e/	3,779	7.52	d/	33.0 c/	7.17
1927	48,047 f/	3,087	6.44	d/	31.2 c/	6.5
1926	46,272 f/	3,708	8.03	d/	25.5 c/	5.55

a/ Net Worth = Preferred plus common capital stock plus surplus and undivided profits.

b/ Operating Net Income = Statutory net income minus profit or deficit from sale of capital assets.

c/ Estimated assuming a constant net worth - 1926 through 1929 of $460,000,000

d/ Not available

e/ Loss from sale of capital assets included with the deductions

f/ Profits and loss from sales of capital assets not segregated.

g/ A negative sign indicates a deficit.

Source: Tabulation sheets and published reports, Bureau of Internal Revenue, also in NRA Files

PART B: THE HOSIERY INDUSTRY

By

Wirt A. Gill

CHAPTER I

THE HOSIERY INDUSTRY DESCRIBED (*)

DEFINITION OF THE INDUSTRY

By amended definition - Article II, of Section 1 - the Code of Fair Competition for the hosiery industry, states:

> "The term 'hosiery industry', as used herein, includes the manufacturing, finishing, repairing, selling, and/or distributing by manufacturers at wholesale or retail, or distributing by selling agents of hosiery . . . . . ."

The original definition in the code, approved August 26, 1933, covered wholesalers. On September 4, 1933, a wholesalers code was approved by the Administration, afterwards Amendment number 3 was unanimously adopted by a code authority meeting on March 4 - 8, 1934, and approved by the Administration on June 7, 1934; redistributors were eliminated from the Code of the hosiety industry.

PRODUCTS

This excellent definition is for a single product. There are, however, two distinct branches within the industry differing mainly by type of machine used and methods of manufacture, namely:

1. Full-fashioned.
2. Seamless.

The first of these products is knit in a flat piece gradually narrowed or fashioned by dropping or adding stitches to fit the shape of the leg. After knitting, the flat piece is seamed up the back, to form the stocking. This type of product is usually made of silk and has the female buyers' preference largely because of better fit and appearance. It also leads in value, but in quantity in amounts to only half the number of dozens of seamless produced.

The seamless stocking is knit around and around to form a tube. Subsidiary types of this product are the infants and childrens ribbed hose, golf socks, anklets and work socks or bundle goods. This product

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(*) Acknowledgment is here made to Mr. J. B. Freund who prepared many of the work sheets from which Part B. "The Hosiery Industry," was written.

is preferred by men because of its greater comfort. (*) It is made of silk, cotton (lisle, mercerized or plain), wool, rayon, and mixtures of any of the above.

METHOD OF MANUFACTURE

Preliminary Processing

Before yarns are knit into hosiery, it is necessary to give them a preliminary processing (**) to make them soft and pliable so that they will run freely and smoothly through the knitting machines. This processing varies for each type of yarn, depending upon the fibre. In general, it consists of soaking in a bath of lubricant. Yarns are processed as follows:

Silk: Raw silk as received in this country, in the form of skeins, is stiff and unworkable. It is first softened by soaking in a heated bath, composed of a mixture of soap, water and oil for six or eight hours. Excess solution is then removed by centrifuging, after which the silk is dried and wound onto spools.

The silk is next "thrown" (***). The term "throwing" is derived from the Anglo-Saxon word "thrawan", meaning to "twist". Several strands are often twisted together to form a single yarn. Throwing accomplishes two purposes, it adds strength to the yarn and it changes its lustre. The twist may vary from 3 to 75 turns per inch, depending upon the type of product. Low twists produce lustrous fabrics, high twists are used for crepes and dull finishes. The most common hosiery twist is called "tram", in which several strands are combined in a yarn usually having 5 turns per inch. Lately, however, due to the popularity among women of sheer dull finished stockings, much yarn is being thrown with the higher organzine, grenadine and georgette twists.

After throwing, the yarn is wound onto cones or bobbins for use on knitting machines.

Rayon: Rayon yarns may be bought either on cones ready for use, or in skeins. If bought in skeins it must be softened by oil treatment and thrown in much the same manner that silk is processed.

Cotton: Ordinary cotton yarn is not usually processed before knitting. However, mercerized and lisle yarns are much used in hosiery manufacture. Mercerization consists of treating the yarn, under tension, with an alkali or lye solution. This results in a stronger and more lustrous yarn, which dyes better than ordinary cotton. Lisle thread is made from a long fibre cotton, tightly twisted and treated with gas. It may also be mercerized.

(*) "The Story of Hosiery", by Wesley Taylor, (May Hosiery Mills 1931)

(**) "The manufacture of Hosiery and Its Problems" by E. M. Schenke

(***) NRA Evidence Study No. 39 Division of Review - "The Throwing Industry" by W. A. Gill.

These two types of yarns are sometimes oil-treated to soften them for knitting purposes.

Wool: Wool fibres may be made into two types of yarns -- woolen and worsted. In woolen yarns the fibres lie in a helter-skelter arrangement producing a soft pliable yarn which knits well. In the worsted yarns the wool is first combed to get all the fibres lieing parallel, then it is given a hard twist, producing a harsh stiff yarn. These yarns, therefore, knit better if softened by an oil or oil-water emulsion treatment. Wool yarns are also, oftentimes, dyed before knitting.

Mixed: Mixed yarns are composed of several fibres mixed or twisted together. When undyed yarns are used, they are usually oil-softened before knitting.

Knitting: The processed yarns are usually wound on cones or bobbins. From these it is fed to the knitting machines. The modern knitting machine has almost unbelievable capacity. One operator tends an 18 to 24 section full-fashioned machine which knits 18 to 24 stockings simultaneously. Seamless hosiery is knit on machines with a circular needly cylinder, producing one stocking at a time. Seamless stockings are knit from top to ankle, at which point the machine is geared to continue only one half of the needles in such a manner as to turn the heel. After that, all needles again become operative to knit the tubular foot. At the toe, the same operation is repeated but on the old fashioned machines the toe is left open and closed later by an operation called "looping" on a special machine. There are automatic machines which complete the knitting in one operation, without the looping.

Washing: The hosiery is next thoroughly washed to remove the natural gum, oil and dirt accumulated in knitting. After washing, inventory goods that are not to be shipped immediately are often stored in the "grey" or undyed condition.

Dyeing: Some hosiery yarns, especially woolen goods, are dyed before knitting. In general, however, the dyeing is done on the finished product. This is generally performed by immersion of the product contained in nets into vats of dyes.

Boarding: After dyeing, hosiery is dried and shaped by placing it upon forms (boards) which are heated.

Finishing: Stockings are finally inspected for defects, matched into pairs for color and size, stamped and ticketed and packed for shipment. It takes 4 to 5 weeks to make a pair of stockings, from the beginnig of the process to packaging.

SIZE OF THE INDUSTRY

The importance of the Hosiery Industry from a statistical point of view is indicated by Table I which shows important Census data for the period 1923 to 1933.

In 1923 there were 721 establishments employing nearly 97,000 wage

earners at an average payroll of $78,762,000 and producing $390,273,000 worth of product.

By 1929 the hosiery, as a manufacturing Industry, ranked within the first 20 in importance in the United States, as to number employed and value of its products (*). In that year, according to the U. S. Census of Manufactures, it employed an average of 129,500 persons at an annual payroll of $140,079,000, and produced $528,700,00 worth of goods. It has been estimated that the invested capital in 1930 amounted to $600,000,000 (**) This figure is undoubtedly an over estimate. In this connection attention is called to Chapter III of Part A indicating a net worth of less than $430,000,000 ever since 1930, for the entire Knit Goods Industry.

In 1933 according to Census figures, there were 614 establishments employing 118,000 workers at an annual payroll of $82,959,000. The value of product for 1933 has declined to $263,710,000 or to about one half of the 1929 level.

In December, 1934, according to the Code Authority, there were 634 companies in the industry operating over 800 plants or establishments, employing 137,000 workers at an annual payroll of $108,000,000, some 288 of these plants were engaged principally in the manufacture of full-fashioned and 565 plants were making principally the seamless product at that time.

In 1934 according to Code Authority records, 103,900,000 dozen pairs of hosiery were produced valued at $290,000,000.

SIZE OF ESTABLISHMENTS - BY NUMBER OF EMPLOYEES PER ESTABLISHMENT

Although complete statistical data regarding the size of the establishments in the hosiery industry are not available, it is apparent that small units predominate. (***)

Establishments vary in size from those with a few thousand dollars invested, owing five or ten knitting machines and employing less than fifty workers, to those many million dollar companies with thousands of machines, employing as high as eight thousand workers.

Even though they do not employ a large percentage of the industry's total wage earners, we find a relatively large proportion of the industry to be small-sized establishments. Referring to Table II, it is seen that over 11 percent of the establishments in the industry are extremely small, having less than twenty employees for establishment and 30.3 percent have less than fifty employees per establishment. In an industry where some establishments have thousands of workers, any mill with one hundred employees should be considered small in size. This fact is further illustrated by Table II, where it is seen that about one-half

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(*) NRA Evidence Study Division of Review - "The Hosiery Industry" - by W. C. Henderson.

(**) Transcript of Public Hearing, July 26, 1933. NRA files.

(***) Preliminary Draft - Code Administration Study, Division of Review on the Hosiery Industry by W. H. Dillingham.

TABLE I

HOSIERY INDUSTRY

Establishment, Wage Earners, Wages, Cost of Material, Value of Products, and Value Added by Census Years 1923 to 1933

Year	Number of Establishments	Wage Earners (Average for Year)	Wages (Thousands of Dollars)	Cost of Materials[a] (Thousands of Dollars)	Value of Products (Thousands of Dollars)	Value Added by Manufacture (Thousands of Dollars)
1923[b]	795	96,957	78,762	222,411	390,273	167,862
1925	683	103,930	93,383	228,142	421,180	193,038
1927	672	112,842	114,678	229,940	456,913	226,974
1929	730	129,542	140,079	248,657	528,700	280,043
1931	621	112,374	95,129	148,835	331,209	182,373
1933	614	117,919	82,959	113,689	263,710	150,021

Sources: Census of Manufactures, 1929, Vol. II, p. 299, and Fiscal Release for 1933, p. 2. Data are for subclassification "Hosiery" of Census classification, "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

b/ No comparable data for years prior to 1923.

of the concerns in the industry with less than one hundred employees each, employ less than 12 percent of the total workers in the industry.

Slightly over one-half the establishments in the hosiery industry, on the other hand, with more than one hundred wage earners each, employed the bulk of the industry's workers. This group of establishments in 1933 employed 88.4 percent of the total wage earners, paid 88.9 percent of the total wages, and produced 87.8 percent of the total value of product.

GEOGRAPHICAL LOCATION

The plants of the Hosiery Industry are scattered throughout thirty-one states. However, they are highly concentrated in Pennsylvania, where two hundred and fourteen companies operate two hundred and fifty-seven plants and in North Carolina where one hundred and sixty five companies operate one hundred and ninety five plants. The following table shows the geographical distribution of the industry:

TABLE II

HOSIERY INDUSTRY

Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added, Classified by Number of Wage Earners, 1933

Number of Wage Earners	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
Total	614	100.0	117,919	100.0	82,959	100.0	113,689	100.0	263,710	100.0	150,021	100.0
0 - 5 Wage Earners	14	2.3	41	b/	27	b/	211	.2	409	.1	198	.1
6 - 20 " "	55	9.0	763	.7	414	.5	796	.7	1,556	.6	761	.5
21 - 50 " "	117	19.0	4,057	3.4	2,816	3.4	4,588	4.0	9,740	3.7	5,152	3.5
51 - 100 " "	118	19.2	8,840	7.5	5,938	7.2	9,227	8.1	20,506	7.8	11,281	7.5
Over 100 " "	310	50.5	104,218	88.4	73,764	88.9	98,867	87.0	231,497	87.8	132,629	88.4

Source: Bureau of the Census, Special Tabulation for NRA on Size of Establishments. Data are for the subclassification "Hosiery," of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

b/ Less than .1 per cent.

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TABLE III

NUMBER OF COMPANIES AND PLANTS
By STATES -- DECEMBER 1934

	Companies	Plants
Total	634	800
Pennsylvania	214	257
Delaware	1	1
New Jersey	30	31
New York	9	13
Connecticut	3	3
Massachusetts	9	9
New Hampshire	9	11
Rhode Island	4	4
Maine	1	1
Vermont	2	2
Alabama	6	6
Georgia	28	30
Kentucky	5	6
Louisiana	2	2
Maryland	3	4
Mississippi	3	3
South Carolina	6	7
Tennessee	46	62
North Carolina	165	195
Texas	1	1
Virginia	13	17
West Virginia	0	0
Californmia	4	5
Illinois	8	9
Indiana	8	8
Iowa	1	3
Michigan	7	7
Minnesota	4	5
Missouri	1	1
Ohio	6	6
Wisconsin	11	17
Mills in more than one state	24	76

Source: Code Authority Records, February, 1934.
Refer also NRA Evidence study, Division of Review
"THE HOSIERY INDUSTRY" -- by W. C. Henderson.

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SIZE OF TOWN OF LOCATION

The hosiery industry is essentially a small-town enterprise; over one-half of the establishments are located in towns of less than 10,000 population and 23 per cent in towns of less than 2500 population. These small-town establishments (less than 10,000 population) employ nearly 44 per cent of the wage earners and paid 40.3 per cent of the total wages paid by the industry in 1933.

These small-town establishments in 1933 produced nearly 40 per cent of the total value of product.

On the other hand, a sizeable portion of the industry is located in large cities, 16.5 per cent of the establishments employing 16 per cent of the wage earners, paying 21 per cent of the total payroll, and producing nearly 19 per cent of the value of product (1933) were located in cities with over 500,000 population. The above facts are easily seen from Table IV, which shows essential data for the hosiery industry for 1933 classified by size of city of plant location.

Although the reasons for the industry locating in small towns are not definitely known, it is probable that these locations furnished an abundance of cheap, relatively unskilled labor. Since large cities are usually strongholds of organized labor, the higher wages prevailing in these localities could easily be avoided by moving to the small towns. Many firms were encouraged by Chambers of Commerce which offered inducements such as reduced or eliminated taxes and rent free properties to locate in small towns.

MACHINERY

No more statements as to the number and location of plants in an industry give a complete picture unless the volume and capacity of the productive machinery in the plants is known. In the following discussion, the equipment in the two main branches of the industry is treated.

SEAMLESS BRANCH

There were 129,500 knitting machines in place in this branch of the industry on January 1, 1934. (*)

The distribution of the majority of this equipment by type of product is shown by the following table:

(*) "Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934" by G. W. Taylor and G. A. Dash, Jr., (Industry Research Dept. Wharton School of Finance and Commerce, U. of Pa. Philadelphia, Pa.)

TABLE IV

HOSIERY INDUSTRY

Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added, Classified by Size of City, 1933

Number of Wage Earners	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
Total	614	100.0	117,919	100.0	82,959	100.0	113,689	100.0	263,710	100.0	150,021	100.0
Cities less than 2,500	141	23.0	18,180	15.4	12,022	14.5	17,613	15.5	38,334	14.5	20,721	13.8
2,500 - 4,999	73	11.9	16,605	14.1	10,741	12.9	14,819	13.0	32,560	12.4	17,742	11.8
5,000 - 9,999	96	15.6	16,753	14.2	10,668	12.9	16,853	14.8	36,779	13.9	19,925	13.3
10,000 - 24,999	58	9.4	10,463	8.9	6,808	8.2	9,881	8.7	23,376	8.9	13,495	9.0
25,000 - 99,999	81	13.2	20,119	17.1	13,383	16.1	20,371	17.9	45,348	17.2	24,977	16.6
100,000 - 499,999	64	10.4	16,866	14.3	11,918	14.4	14,506	12.8	37,736	14.3	23,230	15.5
500,000 - and Over	101	16.5	18,933	16.0	17,419	21.0	19,646	17.3	49,577	18.8	29,931	20.0

Source: Bureau of the Census, Special Tabulation for NRA on Establishments, Classified by Size of City. Data are for sub-classification "Hosiery" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

TABLE V

DISTRIBUTION OF SEAMLESS KNITTING EQUIPMENT
CLASSIFIED BY TYPE OF GOODS MANUFACTURED JANUARY 1, 1934

Type of Goods Manufactured		Number of Machines	Per Cent
Men's Half-Hose		43,590	37.9
Women's Hosiery		27,718	24.1
Men's and Boys' Golf Hose		4,867	4.2
Infants' and Children's Hosiery, and All Types of Anklets		10,880	9.5
Cotton and Woolen Bundle Goods		4,439	3.9
Ribbed Goods		17,481	15.2
Ribbers	8,934		
Footers	7,602		
Automatics	945		
Miscellaneous (*)		5,988	5.2
Total		114,954	100.0

(*) This classification is made up of:
(1) Machinery not possible to classify;
(2) Machinery used to manufacture several different kinds of hosiery but not detailed by the reporting company; and
(3) Non-detailed machinery data received from authoritative sources on companies that did not report.

SOURCE: Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934, by G. W. Taylor and G. A. Dash, Jr. (Industry Research Department Wharton School of Finance and Commerce, U. of Pa., Philadelphia, Pa.

This table shows the importance of the manufacture of men's hose in the seamless branch of the industry, nearly 38 per cent of the seamless equipment being devoted to its manufacture. Next in importance in the seamless branch is the manufacture of women's hosiery, 24.1 per cent of the equipment being so used.

Geographically this branch of the industry shows high concentration in the South, (*) over 64 per cent of the seamless equipment being in

(*) "Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934" by G. W. Taylor and G. A. Dash, Jr. (Industry Research Dept. Wharton School of Finance and Commerce, U. of Pa. Philadelphia, Pa.)

that area, with high concentrations of 26 and 17.3 per cent of the equipment in North Carolina and Tennessee respectively, these states being approached only by Pennsylvania with 16.8 per cent of the total.

The following table shows the geographical distribution of this equipment.

TABLE VI

PERCENTAGE DISTRIBUTION OF SEAMLESS KNITTING EQUIPMENT, CLASSIFIED BY PRODUCING AREAS JANUARY 1, 1934

Producing Area	Per Cent
Pennsylvania	16.8
Other North (*)	5.0
West	13.9
North Carolina	26.0
Tennessee	17.3
Georgia	7.5
Other South (**)	13.5
Total	100.0

(*) Including New York, New Jersey, and the New England states

(**) Including Alabama, Kentucky, Louisiana, Maryland, Mississippi, South Carolina, Texas, Virginia and West Virginia.

SOURCE: Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934 by G. W. Taylor and G. A. Dash, Jr. Supra.

The following from Taylor & Dash's book (*) describes the different types of seamless hosiery machines:

"1. AUTOMATIC--those circular machines which knit the entire stocking from the top (ribbed top or welt) to the toe.

"2. TRANSFER--those circular machines to which a ribbed top or a welt is transferred after being knit on a rib machine, the transfer machine completing the remainder of the stocking.

(*) "Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934" by G. W. Taylor and G. A. Dash, Jr. (Industry Research Department, Wharton School of Finance and Commerce, U. of Pa., Philadelphia, Pa.)

"3. STRING WORK--those circular machines which knit the leg and/or the foot of the stocking in a continuous string. When women's hose are knit in this manner the fabric at the tops of the leg is folded inward and sewed to make a welt or hem. Children's hose, anklets, golf hose, and certain types of half hose are often knit by this process and are completed by sewing a ribbed cuff or top onto the string work product.

"4. FLAT BED--those machines which do not contain a needle cylinder but have two flat inverted V-needle beds on which a seamless hose is knit. This type of hose is started with a closed toe and is knit toward the top. By the addition of needles as the knitting proceeds, the product is shaped or fashioned.

"5. RIBBED GOODS--divided into these three parts: (a) Ribbers, those rib machines used for ribbed goods knitting and not as auxiliary equipment in other lines; (b) Footers, those knitting machines used exclusively for putting the feet on the ribbed goods, and (c) Automatics, those knitting machines on which the complete ribbed stocking is knit.

"6. MISCELLANEOUS--those machines for which detailed information could not be secured, as well as certain few machines which it is impossible to classify under any simple grouping."

The following table shows the number of each type of seamless hosiery machines:

TABLE VII

DISTRIBUTION OF SEAMLESS KNITTING EQUIPMENT
CLASSIFIED BY MAJOR TYPES OF MACHINES JANUARY 1, 1934

Types of Machines		Number of Machines	Per Cent
Automatic		27,839	24.2
Transfer		43,700	38.0
String Work		10,380	9.0
Flat Bed		4,457	3.9
Ribbed Goods:		17,481	15.2
Ribbers	8,934		
Footers	7,602		
Automatics	945		
Miscellaneous		11,097	9.7
Total		114,954	100.0

SOURCE: Knitting Equipment of the Seamless Hosiery Industry, January 1, 1934, by G. W. Taylor and G. A. Dash, Jr.

SIZE OF SEAMLESS ESTABLISHMENTS

The following table shows a percentage distribution of the seamless hosiery companies by size according to machinery owned:

TABLE VIII

PERCENTAGE OF SEAMLESS HOSIERY COMPANIES (*)
CLASSIFIED BY NUMBER OF MACHINES JANUARY 1, 1934

Number of Machines Per Company	Per Cent	Number of Machines Per Company	Cumulative Per Cent
Under 50	21.0	Under 50	21.0
50 and under 100	15.3	" 100	36.3
100 " " 200	26.1	" 200	62.4
200 " " 300	13.2	" 300	75.6
300 " " 400	4.9	" 400	80.5
400 " " 500	6.2	" 500	86.7
500 " " 600	3.2	" 600	89.9
600 " " 700	1.7	" 700	91.6
700 " " 800	2.3	" 800	93.9
800 " " 900	1.3	" 900	95.2
900 " over	4.8	" 6,000	100.0
Total	100.0		

(*) Seamless hosiery companies considered in this table manufacture all types of hosiery. It is impossible to break this table down for companies engaged in manufacturing men's seamless, women's seamless, etc., because of the fact that many companies manufacture more than one type of seamless hosiery.

SOURCE: Knitting Equipment of the Seamless Hosiery Industry, Jan. 1, 1934, by G. W. Taylor and G. A. Dash, Jr.

Exceptionally noteworthy are the high concentrations in the lower brackets among small sized establishments, 21 per cent of all companies having less than fifty machines, and 36 per cent less than one hundred machines. On the other hand there are relatively few extremely large sized concerns, only 4.8 per cent of the companies having over nine hundred machines apiece.

In order completely to understand the situation it is necessary to know what proportion of the total knitting equipment is owned by the different size groups. This is shown in the following table:

TABLE IX

PERCENTAGE OF SEAMLESS HOSIERY MACHINES IN PLACE CLASSIFIED BY COMPANIES OF PARTICULAR SIZE JANUARY 1, 1934

Number of Machines Per Company	Per Cent	Number of Machines Per Company	Cumulative Per Cent
Under 50	2.1	Under 50	2.1
50 and under 100	4.1	" 100	6.2
100 " " 200	13.6	" 200	19.8
200 " " 300	11.5	" 300	31.3
300 " " 400	6.2	" 400	37.5
400 " " 500	10.0	" 500	47.5
500 " " 600	6.5	" 600	54.0
600 " " 700	4.0	" 700	58.0
700 " " 800	6.4	" 800	64.4
800 " " 900	3.9	" 900	68.3
900 and over	31.7	" 6,000	100.0
Total	100.0		

SOURCE: Knitting Equipment in the Seamless Hosiery Industry, January 1, 1934, by G. W. Taylor and G. A. Dash, Jr. (Independent Research Dept. Wharton School of Finance and Commerce, U. of Pa., Philadelphia, Pa.)

Thus it is seen that though 36 per cent of the companies had less than one hundred machines each, the total machines possessed by this group amounted to but 6.2 per cent of the total equipment in the industry. On the other hand, the 4.8 per cent of the companies falling in the top bracket (large concerns) owned nearly 32 per cent of the total equipment in the industry.

FULL-FASHIONED BRANCH

On July 15, 1933, according to the study by the Industrial Research Department, Wharton School of Finance & Commerce, made in cooperation

with the National Association of Hosiery Manufacturers and the Textile Machine Works, there were 15,113 full-fashioned machines in place. These machines for the entire industry were in the ration of 2.6 loggers to one footer on this date. Geographically, the full-fashioned equipment was distributed as follows:

TABLE X

PERCENTAGE OF FULL-FASHIONED HOSIERY KNITTING MACHINES IN PLACE JULY 15, 1933, CLASSIFIED BY PRODUCING DISTRICT

Producing District	Percentage of Machines in Place, July 15, 1933.
Philadelphia	27.2
Reading	19.5
Other Pennsylvania	11.7
West	13.0
New York - New Jersey (1)	7.7
New York - New England (2)	4.5
North Carolina	9.8
Other South	6.6
Total	100.0

(1) New York - New Jersey district includes the northern Jersey and southern New York regions.

(2) New York - New England district includes the northern New York Section and the New England states.

Source: Hosiery Release, No. 12, Oct. 15, 1933; Industrial Research Dept., Wharton School of Finance and Commerce, U. of Penna.

The high concentration of the Industry in Pennsylvania is noteworthy, with the Philadelphia district the most important area.

According to this survey the trend is toward the use of finer gauge machines. The following table shows a percentage distribution of the full-fashioned machines by gauge on July 15, 1933:

TABLE XI

PERCENTAGE DISTRIBUTION OF FULL-FASHIONED MACHINES BY GAUGE JULY 15, 1933

Gauge	July 15, 1933
36 and under	1.2
39	19.2
42	49.6
45	23.4
48	4.4
51	1.8
54 and over	0.4
Total	100.0
Total Machines	15,113

SOURCE: Hosiery Release No. 12, October 15, 1935; Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania.

The importance of the forty-two and forty-five gauge machines is evident.

To comprehend the capacity of full-fashioned machinery it is necessary to know the number of sections of the machines in use, since each section can produce one leg of a stocking or one foot. Thus an eighteen section machine would produce eighteen stocking legs or feet simultaneously. The following table shows a distribution of the machines by sections per machine on July 15, 1933:

TABLE XII

PERCENTAGE OF TOTAL MACHINE SECTIONS - CLASSIFIED BY GAUGE JULY 15, 1933

Gauge	Percentage of Machine Sections
36 and under	1.1
39	17.3
42	49.5
45	25.3
48	4.5
51	1.9
54 and over	0.4
Total	100.0

SOURCE: Hosiery Release, No. 12, October 15, 1935; Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania.

SIZE OF FULL-FASHIONED ESTABLISHMENTS

The following table shows a percentage distribution of the establishments according to the number of machines per establishments:

TABLE XIII

PERCENTAGE OF ESTABLISHMENTS CLASSIFIED BY NUMBER OF MACHINES

July 15, 1933.

Number of Machines Per Establishment	Per Cent	Cumulative Per Cent
Under 13	24.8	24.8
13 and under 26	28.7	53.5
26 " " 51	21.3	74.8
51 " " 101	12.9	87.7
101 and over	12.3	100.0
Total.	100.0	

Source: Hosiery Release, No. 12, October 15, 1933; Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania.

Full-fashioned knitting equipment is a fixed and specialized asset that represents a relatively large investment. Because of this capital requirement and because of the relative youth of the industry, it is not surprising that a majority of the plants have less than twenty-six machines.

The large number of small establishments is obvious with 31 per cent of the establishments having less than twelve machines each and nearly 58 per cent having less than twenty-six machines per establishment.

It is necessary to know what proportion of the total of the industry's equipment is owned by each size group. This is shown in the following table:

TABLE XIV

PERCENTAGE OF MACHINES IN PLACE CLASSIFIED BY COMPANIES OF PARTICULAR SIZE - MARCH 1, 1929 and JULY 15, 1933

NUMBER OF MACHINES PER COMPANY	PER CENT 1929	PER CENT 1933	NUMBER OF MACHINES PER COMPANY	CUMULATIVE PER CENT 1929	CUMULATIVE PER CENT 1933
Under 13	4.8	3.8	Under 13	4.8	3.8
13 and under 26	10.2	9.9	" 26	15.0	13.7
26 " " 51	15.2	13.4	" 51	30.2	27.1
51 " " 101	14.8	17.2	" 101	45.0	44.3
101 and over	55.0	55.7	" 1300	100.0	100.0
Total	100.0	100.0			

SOURCE: Hosier Release, No. 12, Oct. 15, 1935; Industrial Research Department, Wharton School of Finance and Commerce, University of Pennsylvania.

These tables show that although small size establishments make up the majority of the industry in number of plants, the large establishments (with over 101 machines) own over half of the industry's equipment.

EASE OF ENTERING THE INDUSTRY

The full-fashioned branch of the Industry is not one that has characteristics making it easy for manufacturers to enter the business, because its knitting equipment is a specialized asset requiring a relatively large investment, each full-fashioned machine costing between $8,000 and $9,000. (*)

In the seamless branch of the industry on the other hand, it is relatively easy to enter the business, since a new seamless machine cost only about $350 and much second-hand equipment is available at considerably lower cost. An estimate recently appearing in the "Textile World" of the cost of equipping a small seamless plant capable

(*) "How Hosiery Workers Find Jobs" by Dorothea DeSchweinitz. (Industry Research Dept., Wharton School of Finance, U. of Pa., Phila. Pa.)

of manufacturing forty to fifty dozen pairs of half-hose per day of ten hours, is given below:

TABLE XV

COST OF MACHINERY REQUIREMENTS FOR A SMALL HOSIERY PLANT

Machinery	Cost
8 Hosiery Machines	$2,800
4 Ribbers	1,000
2 Loopers	300
1 Table of drying forms	300
Dyeing Equipment	400
Electric motor and drive	80
Shafting and pulleys	20
	$4,900

SOURCE: Technical Editor, Textile World, March 1933, Page 72.

CHAPTER II

LABOR

EMPLOYMENT

Employment is not known for the hosiery industry prior to 1923. however, it must have been somewhat less than that shown in the following table for the knit goods industry as a whole.

TABLE XVI

EMPLOYMENT IN THE KNIT GOODS INDUSTRY
1899 to 1921

Year	Wage Earners (Average for the year)
1899	83,691
1904	104,092
1909	129,275
1914	150,520
1919	172,572
1921	161,880

SOURCE: Census of Manufactures.

Since 1923, the Census has been tabulating data separately for the Hosiery Industry; according to this source, the employment in the Industry has been as follows:

TABLE XVII

EMPLOYMENT IN THE HOSIERY INDUSTRY
1923 to 1933

Year	Wage Earners (Average for the year)
1923	96,957
1925	103,930
1927	112,800
1929	129,542
1931	112,374
1933	117,919

Source: Census of Manufactures.

The growth of the industry is apparent from these figures, employment rising from 97,000 in 1923 to over 129,500 in 1929. During the depression it declined to nearly 11[illegible],000.

The accompanying indexes, prepared by the Bureau of Labor Statistics in cooperation with the NRA, and adjusted to census figures, in which the 1929 employment is taken as a base equivalent to 100 per cent, show that employment declined during the depression to a point of 85.2 per cent of the 1929 figure for the 1932 yearly average, and to a low point in July, 1932 of 74.5 per cent of the 1929 level, at which time it is estimated that there were only 96,500 wage earners employed in the industry. Thus during this period employment had declined to less than the yearly average for 1923.

Since that time, and it is believed partly due to the benefits derived from an NRA Code, employment has increased so that the annual index has moved up to 96.6 for 1934 within 5 per cent of the 1929 employment. Although the data may not be strictly comparable, records of the Code Authority show that employment has since increased to an average of 137,000 in 1934 and to an all time high of nearly 145,300 in one month in 1935.

According to Code Authority data in 1935 about 79,000 to 80,000 employees were in the full fashioned branch of the industry and between 58,000 and 60,000 in the Seamless branch.

Table XVIII

HOSIERY INDUSTRY

Index of Employment (1929=100) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.				94.7		82.5	86.7	82.5	90.7	97.5
Feb.				96.4		86.0	88.0	82.3	98.8	99.3
Mar.				98.3		87.0	87.7	81.3	102.5	100.4
Apr.				98.3		87.1	85.2	81.5	102.8	100.4
May				98.8		87.0	81.1	84.3	99.9	98.0
Jun.				99.4		89.1	80.0	88.1	100.7	94.6
Jul.				98.5		84.8	74.5	88.1	94.5	91.5
Aug.				99.7		86.3	78.4	87.9	89.7	97.1
Sep.				101.9		85.8	86.0	100.1	88.7	
Oct.				105.5		86.6	91.1	101.0	93.9	
Nov.				105.6		89.1	93.2	97.8	98.0	
Dec.				103.4		89.7	91.0	93.6	98.6	
Average		87.1		100.0		86.8	85.2	89.1	96.6	

a/ 1927-1929, Census of Manufactures; 1931 to date, B.L.S. in cooperation with NRA and NRA adjustment to 1933 total.

Sample covers about 45% of the concerns and 70% of the employees of the industry.

HOSIERY INDUSTRY

INDEX OF EMPLOYMENT AND PAYROLLS

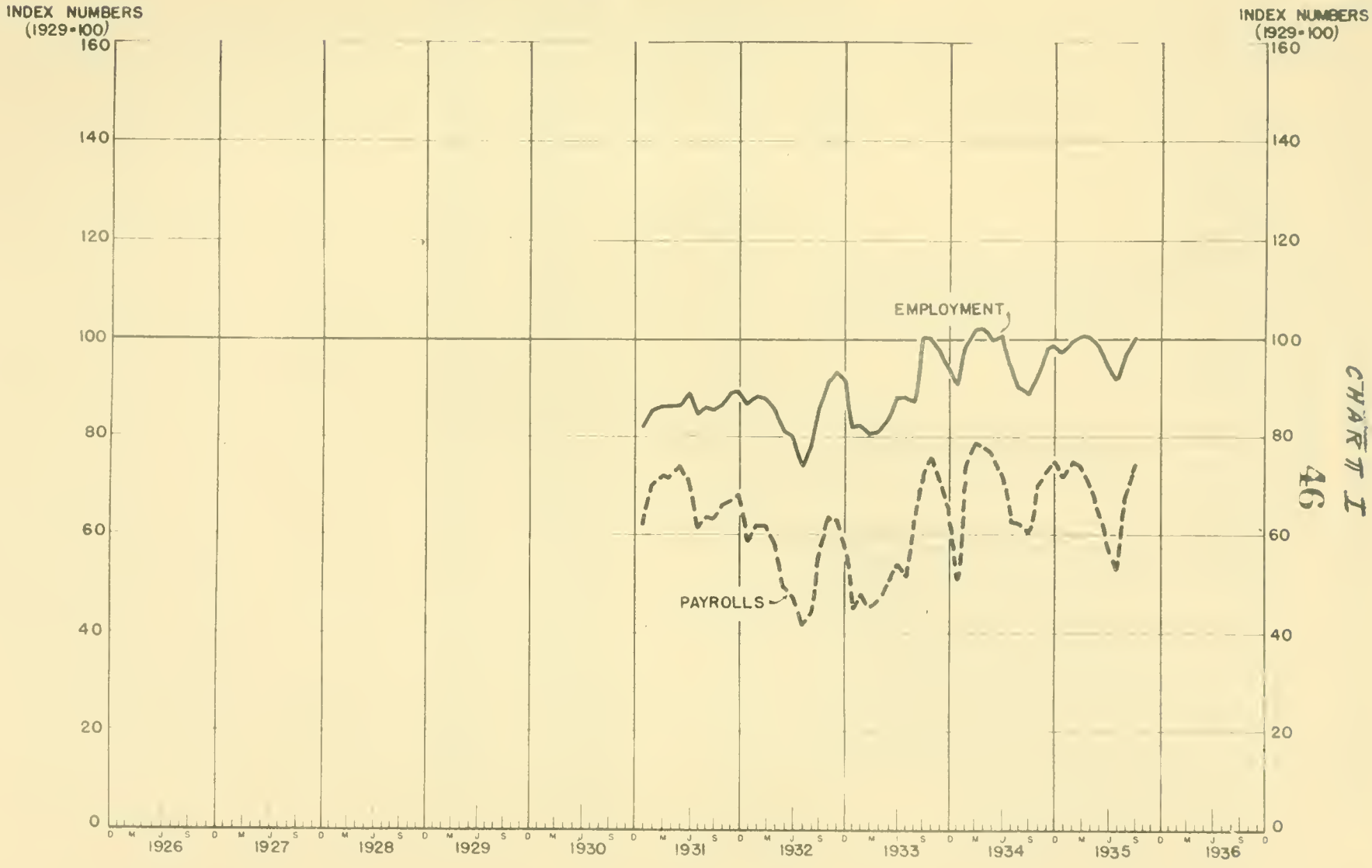


CHART I

46

SOURCES.
BUREAU OF LABOR STATISTICS IN COOPERATION WITH N R A
AND N R A ADJUSTMENT TO 1933 CENSUS TOTAL

N.R.A.
DIVISION OF REVIEW
STATISTICS SECTION

Table XIX

HOSIERY INDUSTRY

	Estimated Number Employed (000) b/								
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.				128.6		106.8	112.3	106.9	117.5	126.3
Feb.				134.0		11.4	114.0	107.4	128.0	128.6
Mar.				127.3		112.7	113.6	105.3	130.8	130.1
Apr.				127.3		113.8	110.4	105.6	133.2	130.1
May				127.9		112.7	105.1	109.2	129.4	126.9
Jun.				126.7		115.3	103.6	114.1	130.5	122.5
Jul.				127.5		109.9	96.5	114.1	122.4	118.5
Aug.				129.1		111.8	101.6	113.9	116.2	125.8
Sep.				131.9		111.2	111.4	129.7	114.9	
Oct.				136.6		112.2	118.0	130.8	121.6	
Nov.				136.8		115.4	120.7	126.7	126.9	
Dec.				133.9		116.2	117.9	121.3	127.7	
Average		112.8		129.5		112.4	110.4	115.4	125.1	

Source:
b/ 1927-1929, Census data; 1931 to date, Table VIII times 1929 Census base figure (129.54). Sample covers about 45% of the concerns and 70% of the employees of the Industry

NUMBER OF EMPLOYEES BY STATES

Table XX, compiled from code authority data, shows the number of employees in the hosiery industry by states, for one week in March 1934. The high concentration of employees in Pennsylvania is evident, over one-fourth of all the employees in the industry being in this state.

The states of Pennsylvania, North Carolina and Tennessee, combined account for more than one-half of the total employees in the industry.

TABLE XX

NUMBER OF EMPLOYEES, BY STATES
ONE WEEK IN MARCH 1934

State	Number of Employees
Total for U. S.	137,022
Pennsylvania	37,340
Delaware	47
New Jersey	3,960
New York	1,872
Connecticut	287
Massachusetts	961
New Hampshire	847
Rhode Island	117
Maine	4
Vermont	141
Alabama	1,536
Georgia	5,238
Kentucky	1,144
Louisiana	210
Maryland	271
Mississippi	358
South Carolina	584
Tennessee	13,007
North Carolina	27,234
Texas	154
Virginia	2,485
West Virginia	0
California	524
Illinois	1,239
Indiana	1,793
Iowa	793
Michigan	531
Minnesota	882
Missouri	55
Ohio	274
Wisconsin	5,877
Mills in more than one state	37,277

Source: Code Authority Records,
February 1935.

HOURS

Average Hours per Week

The Bureau of Labor Statistics made special studies of the hosiery industry in 1926, 1928 and 1930. In the first two of these years, they found employees to be working an average work week slightly over 47 hours per week. In the latter year, probably due to the general business depression, the work week had declined to slightly less than 42 hours. Prior to the depression, the industry generally operated on 55 hour shifts; (*) some manufacturers operated 2 shifts while others only operated one shift or only part of their equipment on two shifts.

The average weekly hours for specified periods in important hosiery-producing States in the years 1928, 1930 and 1932, deduced from sample studies covering 35 per cent of total wage earners and about 20 per cent of number of firms, located in 18 or 19 States, are shown by the following table:

TABLE XXI

AVERAGE HOURS PER WEEK IN THE HOSIERY INDUSTRY FOR SPECIFIED STATES, FOR CERTAIN PERIODS OF 1928, 1930 and 1932.

States	1928 Sept.- Dec.	1930 April - June	1932 March - June
	Average Hours per Week		
All States	47.1	41.9	41.3
Georgia	46.3	43.3	42.8
New Jersey	45.7	44.2	41.2
North Carolina	47.9	44.2	41.7
Pennsylvania	47.7	40.4	40.6
Tennessee	47.8	42.6	43.6

Source: Bureau of Labor Statistics Bulletin Nos. 591-p.10;504-p.48

According to the accompanying tabulation of Bureau of Labor Statistics data (Table XXII) an average work week of 42.6 hours per week prevailed in 1932 and an even longer week was worked in the early part of 1933. With the advent of the code the hours per week show a sharp decline with an average work week of 33.5 hours for 1934.

MAN HOURS.

Man hour data are not available prior to 1932 for this industry. In the years 1932 and 1933 the man hours worked appear to have been relatively constant, averaging around 4,700,000 man hours monthly. (See Table XXIII). A noticeable decline, however, is evident in 1934 with an average of nearly 4,200,000 man hours monthly. In all likelihood this is largely due to the industry's curtailment program and machine hour restrictions under its code. The first seven months of 1935 show about the same average man hours per month as 1934, that is 4,183,000.

(*) Transcript of Public Hearing, August 10, 1933.

Table XXII

HOSIERY INDUSTRY

Average Hours Per Week a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.							42.3	40.6	25.9	34.7
Feb.							45.0	44.6	34.6	35.6
Mar.							45.1	41.3	35.3	36.1
Apr.					)		39.3	42.0	35.7	34.2
May					)41.9		38.6	45.7	36.1	32.4
Jun.					)		38.4	47.2	32.7	30.0
Jul.							39.7	45.1	29.7	28.6
Aug.							39.2	37.6	32.4	
Sep.)			)				45.2	36.0	32.4	
Oct.)47.2			)47.1				45.4	37.2	35.3	
Nov.)			)				47.0	35.9	35.5	
Dec.)			)				45.4	35.8	35.8	
Average							42.6	40.6	33.5	*33.1

Source:

a/ 1926-1930, B.L.S. special study (Bul. No. 591); 1932 to date B.L.S. in cooperation with NRA. Sample covers about 45% of the concerns and 70% of the employees of the industry.

(*) 7 Mos. Average.

Table XXIII

HOSIERY INDUSTRY

Estimated Total Man-Hours (000) b/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.							4,751	4,329	3,043	4,383
Feb.							5,130	4,790	4,428	4,578
Mar.							5,124	4,350	4,687	4,697
Apr.							4,338	4,434	4,754	4,449
May							4,055	4,990	4,672	4,112
Jun.							5,979	5,386	4,266	3,675
Jul.							3,831	5,147	3,636	3,389
Aug.							3,981	4,282	3,765	
Sep.							5,035	4,668	3,723	
Oct.							5,358	4,867	4,394	
Nov.							5,674	4,548	4,505	
Dec.							5,352	4,098	4,572	
Average							4,717	4,657	4,195	*4,183

Source:

b/ Estimated number employed (Table XIX) times average hours per week (Table XXII) Sample covers about 45% of the concerns and 70% of the employees of the industry.

(*) 7 mos. Average

WAGES

Payrolls.

In 1923 the yearly payroll for the industry amounted to $78,762,000, which was over three times as great as that for the whole knit goods industry in 1899. By 1929 it has undergone an additional increase of over 90 per cent to $140,079,000 annually, or over 5.5 times that of the whole knit goods industry in 1899.

The following table shows annual payrolls for the Industry, 1923-1931:

Table XXIV

ANNUAL PAYROLLS IN THE HOSIERY INDUSTRY
1923 to 1933

Year	Total Annual Wages
1923	78,762,000
1925	93,383,000
1927	114,678,000
1929	140,079,000
1931	95,129,000
1933	82,959,000

Source: Census of Manufactures.

Drastic declines in payrolls occurred in the depression, the 1933 payroll amounting to only 57.6 per cent of that of 1929.

The accompanying Table XXV shows payroll indexes for the industry calculated with 1929 as a base equivalent to 100 per cent. According to these indexes weekly payrolls declined to a low point in July, 1932 of 41.1 per cent of the 1929 level. Since that time steady improvement is noted with 1934 at nearly 70 per cent of that in 1929. Average weekly payrolls declined from $2,693,000 in 1929 to $1,492,000 for 1932, since improving to $1,874,000. (See accompanying Table XXVI for details).

Table XXV

HOSIERY INDUSTRY

Index of Payrolls (1929=100) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.						62.6	58.3	45.0	50.6	72.5
Feb						70.2	62.9	47.7	74.4	75.6
Mar.						72.8	62.3	45.4	79.3	74.1
Apr.						72.0	57.5	47.1	78.3	70.7
May						74.5	48.7	51.2	76.3	64.2
Jun.						71.5	47.9	54.3	72.6	57.8
Jul.						61.3	41.1	51.2	62.0	52.5
Aug.						63.8	44.2	62.6	62.0	67.4
Sep.						63.6	55.6	72.8	60.5	
Oct.						66.6	64.1	76.4	70.3	
Nov.						67.6	63.9	72.7	73.6	
Dec.						68.4	58.0	65.2	75.0	
Average		81.9		100.0		67.9	55.4	57.6	69.6	

a/ 1927-1929, Census of Manufactures; 1931 to date, B.L.S. in cooperation with NRA and NRA adjustment to 1933 Census total. Sample covers about 45% of the concerns and 70% of the employees of the industry.

Table XXVI

HOSIERY INDUSTRY

Estimated Weekly Payroll (0 0) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.						1,686	1,571	1,212	1,363	1,954
Feb.						1,891	1,695	1,286	2,004,	2,036
Mar.						1,962	1,678	1,222	2,136	1,995
Apr.						1,940	1,550	1,270	2,109	1,904
May						2,006	1,313	1,380	2,055	1,729
Jun.						1,925	1,290	1,463	1,955	1,558
Jul.						1,652	1,106	1,380	1,669	1,414
Aug.						1,720	1,191	1,687	1,669	1,816
Sep.						1,714	1,498	1,961	1,628	
Oct.						1,793	1,726	2,058	1,895	
Nov.						1,822	1,720	1,958	1,982	
Dec.						1,842	1,561	1,755	2,020	
Average		2,205		2,693		1,829	1,492	1,553	1,874	

a/ 1927-1929, Census data; 1931 to date, Table XXV times 1929 Census base figure (26.938). Sample covers about 45% of the concerns and 70% of the employees of the industry.

AVERAGE HOURLY WAGE

In the Bureau of Labor Statistics studies of the hosiery industry, they found the average hourly wage rate in the industry to be 47.2 cents per hour in 1926, 48.8 cents per hour in 1928 and 49.7 cents per hour in 1930.

Labor in the full-fashioned branch is predominantly unionized. Eighty-five per cent (85%) of the production of this type, it is estimated, is compensated for on a piece rate basis, which results in a comparatively high wage scale. The principal union is an affiliate of the A. F. of L. and appears to have a close contact in general with the principal trade associations of this branch. The closed shop prevails.

The seamless branch is almost entirely non-union, wages are lower especially in the South. There were many mills that paid "sweat shop wages"; in the Transcript of the Public Hearing of August 10, 1933 on page 18, a mill employing 600 persons with an average wage of $4.82 per week, is cited.

The extent of unionization in the Northern areas, especially in Pennsylvania, largely explains the wide variation in the average wage in this industry in different portions of the country.

The average hourly wage rate in cents and average weekly earnings in dollars, according to the Bureau of Labor Statistics. Sample studies covering about 25 per cent of total wage earners, and about 20 per cent of number of firms located in 18 or 19 states, are as follows:

Table XXVII

AVERAGE HOURLY WAGE RATES IN THE HOSIERY INDUSTRY FOR DESIGNATED STATES FOR CERTAIN PERIODS OF 1928, 1930 and 1932

States	1928 Sept.-Dec.	1930 April - June	1932 March - June
	Average Hourly Wages		
All States	48.8	49.7	37.6
Georgia	24.4	26.5	22.5
New Jersey	79.6	83.1	49.3
North Carolina	33.4	35.9	29.7
Pennsylvania	62.5	62.4	41.9
Tennessee	29.2	30.2	28.7

Source: Bureau of Labor Statistics Bulletins #591-p. 10 and #504- p. 48. Bureau of Labor Statistics.

The steadily increasing wage rates in nearly all areas up until the year 1930 is noticeable. Drastic wage cutting had apparently already

taken place by 1932, all areas suffering from such practice. It is interesting to note that the declines were much sharper in the unionized areas than elsewhere amounting to 40.7 and 32.9 per cent less than the 1930 levels in Pennsylvania and New Jersey respectively while the declines were only 15.0, 17.0, 5 per cent in Georgia, North Carolina and Tennessee respectively. However, wages in the South were already on a low plane.

In general agreement with these sample studies are figures compiled by the Bureau of Labor Statistics in cooperation with the NRA. (See Table XXVIII) which show that the average hourly wage rate for the industry for 1932 was 34.1 cents per hour. Some improvement is noted in the 1933 rate with 37.9 cents per hour the yearly average.

By the latter part of 1934 due largely to the effects of the Code, the wage rate had risen to a higher level than at any previous time, resulting in a yearly average of 48.5 cents per hour for that year. For the first six months of 1935 the average was 50.8 cents per hour, an all time high.

Table XXVIII

HOSIERY INDUSTRY

	Average Hourly Wage (cents) a/									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.							34.8	32.0	46.5	50.6
Feb.							35.9	30.4	48.3	50.4
Mar.							34.2	31.1	48.1	50.5
Apr.					)		37.7	32.5	47.2	50.4
May					)49.7		34.3	29.9	47.8	51.3
Jun.					)		34.0	30.7	48.6	51.6
Jul.							32.1	30.9	48.3	50.7
Aug.							32.8	45.3	47.4	51.6
Sep.	)		)				33.0	47.5	49.6	
Oct.	)47.2		)				35.0	47.7	50.1	
Nov.			)48.8				33.6	48.1	50.0	
Dec.			)				32.3	47.9	50.4	
Average							34.1	37.9	48.5	*50.8

*6 Mos. Average

Source:

a/ 1926-1930, B.L.S. special study (Bul. No. 591); 1932 to date, B.L.S. in cooperation with NRA. Sample covers about 45% of the concerns and 70% of the employees of the industry.

AVERAGE WEEKLY WAGES

Although the hourly rate is an excellent measure of the skill of the worker, the extent of unionization, the demand for labor and other important factors, the worker is primarily interested in his weekly and yearly earnings. There is some disagreement as to the average amount received, when the Bureau of Labor Statistics studies are compared with Census data.

According to the former, the average earnings per week were $22.30 in 1926 and $23.01 in 1928, while census data for the year between these, 1927, shows average earnings of only $19.55 per week. In later years, these two sources show closer agreement, with the census data showing $20.80 in 1929, and the Bureau of Labor Statistics - $20.83 for 1930.

Again wide differences between the earnings of workers in different areas is noted; those in the unionized areas in 1930 earning an average of $36.76 and $25.20 in New Jersey and Pennsylvania, while the Southern workers averaged $11.46, $15.85 and $12.87 in Georgia, North Carolina and Tennessee respectively. (See the following table for average earnings in the various areas).

TABLE XXIX

AVERAGE WEEKLY EARNINGS IN THE HOSIERY INDUSTRY FOR DESIGNATED STATES FOR CERTAIN PERIODS OF 1928, 1930 and 1932

State	1928 Sept.-Dec.	1930 April-June	1932 March-June
	Average Weekly Earnings in Dollars		
All States	23.01	20.83	15.53
Georgia	11.30	11.46	9.68
New Jersey	36.38	36.76	20.32
North Carolina	16.00	15.85	12.38
Pennsylvania	29.80	25.20	17.00
Tennessee	13.97	12.87	12.50

SOURCE: Bureau of Labor Statistics Bulletins 504 and 591.

The drastic wage cuts that took place during the depression, resulted in average earnings of $16.59 in 1931, declining to $13.63 for 1932, and $13.85 in 1933 according to the accompanying tabulations. The earnings were curtailed much more in the northern areas than in the South, the 1932 earnings being 44.8 and 32.5 per cent less than those of 1930 in New Jersey and Pennsylvania, while those of Georgia and North Carolina declined only 15.5 and 21.9 per cent and Tennessee hardly at all.

During the Code period, weekly wages improved to an average of $16.11 for 1934. Though the hourly rate was higher than in 1929, the average weekly earnings in 1934 were still 22.6 per cent below those of 1929.

Table XXX

HOSIERY INDUSTRY

	Average Weekly Wage (dollars) a/									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan.						16.19	14.18	11.73	12.19	17.54
Feb.						17.40	15.13	12.36	16.45	17.82
Mar.						17.84	15.08	11.98	16.95	17.67
Apr.					)	17.62	14.08	12.43	16.75	17.14
May					)20.83	18.24	12.56	13.05	16.79	16.35
Jun.						17.09	12.50	13.22	15.82	15.14
Jul.						13.43	11.49	12.54	14.39	14.24
Aug.						15.56	11.75	15.34	15.07	17.27
Sep.	)		)			15.60	13.73	15.73	15.90	
Oct.	)22.30		)			16.18	14.93	16.45	17.56	
Nov.	)		)23.01			15.98	14.56	16.16	17.58	
Dec.	)		)			15.98	13.60	15.16	17.89	
Average		19.55		20.80		16.59	13.63	13.85	16.11	*16.56

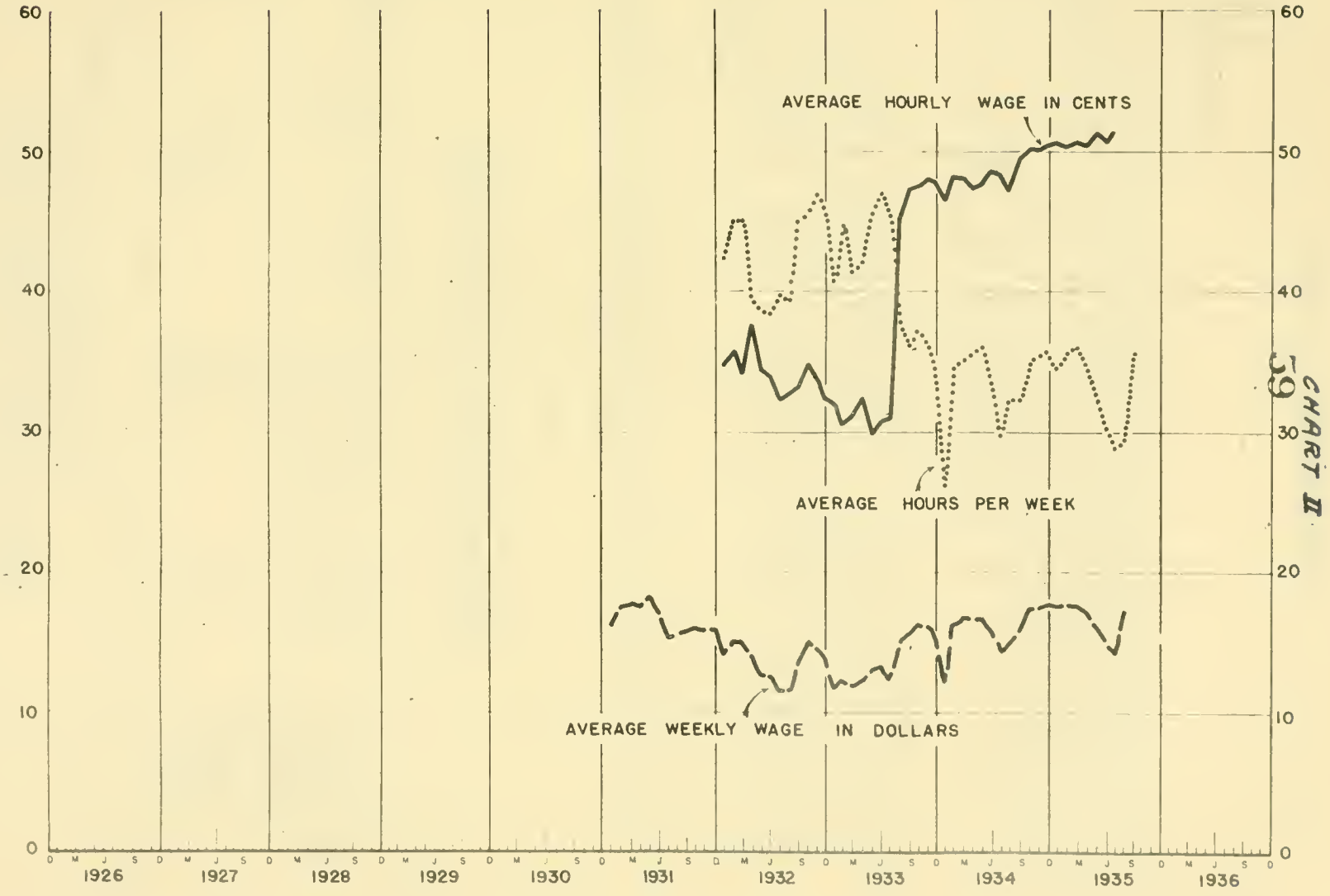
*7 Mos. Average

Source:

a/ 1926, 1928 and 1930, B. L. S. special study (Bul. No. 591); 1927 and 1929, Census; 1932 to date, B. L. S. in cooperation with FERA. Sample covers about 45% of the concerns and 70% of the employees of the industry.

HOSIERY INDUSTRY

HOURS AND WAGES



59 CHART II

SOURCES: BUREAU OF LABOR STATISTICS IN COOPERATION WITH N R A

N R A
DIVISION OF REVIEW
STATISTICS SECTION
NO 390

CHAPTER III

PRODUCTION AND DISTRIBUTION

Production

Raw Materials

The principal raw materials used by the hosiery industry are silk, cotton, linen, rayon, and wool. Although some concerns have completely integrated plants in which all the processes of yarn manufacture are carried on, the majority of the industry buy their raw materials in the form of yarns. These yarns are generally prepared in plants specializing in their production, and are sold in an open competitive market to the hosiery industry. The preliminary processing of these materials has already been discussed in a preceding chapter.

The raw materials used by the industry come from many localities and countries. About 90 per cent of the silk used in this country is imported from Japan, small quantities being imported from China and Italy. Cotton is grown in the South and southwestern states, a small amount of the finer qualities is imported from British Sea Island possessions and Egypt. Rayon is chemically synthesized from both cotton linters and wood pulp bases. A small amount of fine linen is imported from Ireland.

The following table shows the relative importance of hosiery raw materials and what a large part of the total production of these materials is used by the hosiery industry.

TABLE XXXI.

VOLUME, VALUE AND PERCENTAGES OF TOTAL CONSUMPTION OF PRINCIPAL RAW MATERIALS USED BY THE HOSIERY INDUSTRY IN 1929.

Material:	Total U.S.Consumption in 1,000,000 Pounds	Consumed by Hosiery Industry, 1,000,000 Pounds	% of Total Consumed by Hosiery	Value of Hosiery Consumption in $1,000
Cotton	3,500.0	99.5	29	$90,780
Silk	81.5	22	26.7	123,000
Rayon	131.3	19.5	15	26,662

Sources:
Census of Manufactures 1929
Statistical Abstract 1934
Textile Organon of Tubize Chatillon
National Federation of Textiles 1935

It is seen from the above table that the hosiery industry as a consumer of textile fibres in 1929 consumed over one-fourth of all the cotton and silk consumed and 15 percent of the country's rayon consumption. Since 1929, slight shifts have occured in these percentages, with silk increasing slightly and rayon declining.

Raw Material and Labor Costs

The following table shows the percent labor and materials are of total value of product of the Hosiery Industry.

TABLE XXXII.

TOTAL VALUE OF PRODUCTS, TOTAL LABOR COST, AND TOTAL COST OF MATERIALS, 1929, 1931 and 1933.

	Total Value of Products $1,000	Total Direct Labor Cost		Total Materials Cost	
		Amount in $1,000	Per Cent of Value of Product	Amount * in $1,000	Per Cent of Value of Product
1929	528,700	$140,079	26.5	$248,657	47.0
1931	331,209	95,129	28.7	148,835	44.9
1933	263,710	82,959	31.5	113,689	43.1

Source: Census of Manufacturers "Knit Goods."

* In both 1927 and 1929 fuel and purchased energy accounted for 1.7 percent of total cost of materials. These are included in the totals in each case.

From this table the increasing importance of labor costs is noted, the percentage rising from 26.5% of the value of the product in 1929 to 31.5 in 1933.

Volume of Production

The production of hosiery of all types appears to be relatively stable, the country consuming roughly about the same number of dozens of hose annually. Even in the worst years of the depression, production experienced but a relatively minor decrease from the 1929 production in total dozens of pairs manufactured.

For instance, in 1930, the year of lowest hosiery production, it wasonly 14.6 per cent below the 1929 level. These facts are obvious from the following tables showing production indexes and estimated monthly

TABLE XXXIII
HOSIERY INDUSTRY

	Estimated Production (000 of dozen pairs) a/									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	10,099	10,124	9,841	9,917	9,749	7,966	8,717	8,272	7,302	9,996
February	9,879	10,011	9,910	8,783	8,990	8,097	8,608	7,985	9,092	9,214
March	10,828	11,439	10,474	10,265	8,635	8,628	8,886	8,640	10,471	9,692
April	9,723	10,201	9,087	9,979	8,272	8,874	7,949	8,334	9,878	9,392
May	8,843	10,160	9,522	10,485	8,125	9,069	7,579	10,843	10,132	9,203
June	9,417	10,839	9,054	9,709	7,768	8,907	7,878	11,903	8,474	7,121
July	8,416	8,562	7,663	8,896	6,796	6,853	6,038	9,859	6,674	7,541
August	9,239	10,471	9,541	9,761	7,223	8,334	8,237	8,859	7,838	
eptember	9,783	10,564	8,953	9,884	8,613	8,969	10,663	8,759	6,939	
October	10,160	11,417	10,595	11,770	9,141	9,634	11,936	9,099	9,564	
November	10,267	10,625	10,479	10,472	9,419	8,956	11,260	8,114	9,466	
December	9,591	9,313	8,268	8,522	8,350	8,205	9,272	6,177	8,001	
Average	9,687	10,311	9,449	9,870	8,440	8,624	8,919	8,904	8,657	

a/ Bureau of Census data chained throughout period to level of current code data, beginning November, 1933, then adjusted to 1929 Census level; from 1929, on, adjusted to 1931 Census; from 1931, adjusted to current code data. Beginning Nov. 1933 data taken directly from Hosiery Code Authority Bulletin.

TABLE XXXIV

HOSIERY INDUSTRY

	Index of Production (1929 = 100)									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	102.3	102.6	99.7	100.5	98.8	80.7	88.3	83.8	74.0	101.3
February	100.1	101.4	100.4	89.0	91.1	82.0	87.2	80.9	92.1	93.4
March	109.7	115.9	106.1	104.0	87.5	87.4	90.0	87.5	106.1	98.2
April	98.5	103.4	92.1	101.1	83.8	89.9	80.5	84.4	100.1	89.2
May	89.6	102.9	96.5	106.2	82.3	91.9	76.8	109.9	102.7	93.2
June	95.4	109.8	91.7	98.4	78.7	90.2	79.8	120.6	85.9	72.1
July	85.3	86.7	77.6	90.1	68.9	79.6	61.2	99.9	67.6	75.4
August	93.6	106.1	96.7	98.9	73.2	84.4	83.5	89.8	79.4	
September	99.1	107.0	90.7	100.1	87.3	90.9	108.0	88.7	70.8	
October	102.9	115.7	107.3	119.3	92.6	97.6	120.9	92.2	96.9	
November	104.0	107.6	106.2	105.1	95.4	90.7	114.1	82.2	95.9	
December	97.2	94.4	83.8	86.3	84.6	83.1	93.9	62.6	81.1	
Average	98.1	104.5	95.7	100.0	85.4	87.4	90.4	90.2	87.7	

NOTE: Figures compiled from Table XXIII by N.R.A. Statistics Section.

TABLE XXXV

VOLUME OF PRODUCTS, BY KIND AND BY STATE, 1934.

	Volume of Production (000 of dozen pairs)		
	Full-Fashioned	Seamless	Total
Total	30,549	73,332	103,881
Pennsylvania	13,025	9,222	22,247
Delaware	0	59	59
New Jersey	1,734	19	1,753
New York	229	2,106	2,335
Connecticut	0	291	291
Massachusetts	96	610	706
New Hampshire	156	504	660
Rhode Island	46	49	95
Maine	0	1	1
Vermont	0	98	98
Alabama	140	838	978
Georgia	183	5,521	5,704
Kentucky	0	865	865
Louisiana	0	321	321
Maryland	89	52	141
Mississippi	68	264	332
South Carolina	101	501	602
Tennessee	1,108	8,696	9,804
North Carolina	3,561	27,036	30,597
Texas	70	0	70
Virginia	194	2,890	3,084
California	177	9	186
Illinois	131	1,502	1,633
Indiana	594	173	767
Iowa	233	386	619
Michigan	139	213	352
Minnesota	285	33	318
Missouri	0	34	34
Ohio	0	328	328
Wisconsin	1,682	1,701	3,383
Mills in more than one state	6,508	9,008	15,516

Source: Code Authority Records.

production of thousands of dozens of pairs for the period January 1926, through July 1935.

Table XXXV shows the volume of production by type of product and by states, in 1934, according to Code Authority records. It is seen from this table that North Carolina was the most important producing state in 1934, producing nearly 30 per cent of the total. Next in importance was Pennsylvania, with over 20 per cent of the total. These two states combined produced a little over half the total production.

Other important producing states are Tennessee, Georgia, Wisconsin, Virginia, Connecticut, New York, and Indiana.

The figures for production by type are interesting. North Carolina was by far the most important seamless area, producing in 1934 about three times as many seamless hose as Pennsylvania. Pennsylvania, on the other hand, is the most important full-fashioned area, with nearly four times as much production as North Carolina.

Value of Production

Although the volume of production has remained relatively unchanged the value has declined sharply, the total value of the product in 1933 was less than half of the 1929 value. These enormous value changes can readily be seen from the following table:

TABLE XXXVI

VALUE OF PRODUCTS IN THE HOSIERY MANUFACTURING INDUSTRY 1927, 1929, 1931 and 1933.

Year	Value of Products Thousands of Dollars *
1927	$456,913
1929	520,700
1931	331,209
1933	265,710

Source: Census of Manufactures, "Knit Goods"
Data for establishments with an annual production of less than $5,000 are excluded.

* Value is figured at prices f.o.b. at the establishment.
Data includes Census classification:
"Hosiery (except infants and athletics and golf hose)"

TABLE XXXVII

VALUE OF PRODUCTS, BY KIND AND BY STATE, 1934.

	Estimated Wholesale Value of Production (000)		
	Full-Fashioned	Seamless	Total
Total	$183,103	$ 103,611	$286,714
Pennsylvania	78,062	12,977	91,039
Delaware	0	116	116
New Jersey	10,401	36	10,437
New York	1,380	2,967	4,347
Connecticut	0	411	411
Massachusetts	574	859	1,433
New Hampshire	935	709	1,644
Rhode Island	276	80	356
Maine	0	2	2
Vermont	0	264	264
Alabama	838	1,179	2,017
Georgia	1,097	7,772	8,869
Kentucky	0	1,219	1,219
Louisiana	0	453	453
Maryland	537	106	643
Mississippi	410	373	783
South Carolina	604	699	1,303
Tennessee	6,633	12,238	18,871
North Carolina	21,351	38,033	59,384
Texas	419	0	419
Virginia	1,167	4,066	5,233
California	1,061	25	1,086
Illinois	783	2,118	2,901
Indiana	3,556	344	3,900
Iowa	1,397	546	1,943
Michigan	836	301	1,137
Minnesota	1,698	85	1,783
Missouri	0	103	103
Ohio	0	464	464
Wisconsin	10,083	2,398	12,481
Mills in more than one state	39,004	12,668	51,672

Source: Code Authority Records.

Table XXXVII shows a Code Authority estimates of wholesale value of products by type of product and by states. Comparing this data with production data shows that although the greatest quantity of production is from North Carolina the value of the Pennsylvania output is far greater, the respective values of the 1934 production of these states being $59,384,000 and $91,000,000. This fact is largely accounted for by the greater unit value of the full-fashioned product.

In 1934 the following states each produced more than $10,000,000 worth of hosiery, Pennsylvania, North Carolina, Tennessee, Wisconsin, and New Jersey.

INTER-INDUSTRY CHANGES

Style Changes

Despite the absence of extremely wide fluctuations in total production, many changes have been taking place within the industry.

For many years hosiery consisted mainly of staple items, made from durable yarns finished in a small range of plain colors. In 1919, perhaps due to short dresses which focused attention upon this item of female apparel, the Industry became style conscious with a trend toward light weight and sheer products. Since that time style changes have been frequent, the color element alone being sufficient to rack the brains of the manufacturers, technicians and all who have a hand in the business. This is easily seen in the following table which shows the color trends:

TABLE XXXVIII

LEADING HOSIERY COLORS -1924-1929

July, 1924	July, 1927
White	Grain
Black	Nude
Grain	White
L. Gray	Atmosphere
Shell	Sandy Beige
July, 1925	**July, 1928**
White	Nude
Black	White
Beige	Grain
Grain	Atmosphere
Nude	Mirage

(Table XXXVIII, continued)

July, 1926	July, 1929
Grain	Sun-tan
White	Lido-sand
Nude	Grain
Atmosphere	Nude
Beige	Sun Shades

Source: "Advertising and Selling", May, 1929 - "Sun Tan Mode Arrives, Marie Du Bois"

It is seen that in the short period of five years the common white, black and gray colors were completely displaced by the lighter tan shades.

Other changes have come in rapid succession - "inside-out" stockings with a dull lustre, ringless and knee lengths being among the most recent changes.

These style changes naturally brought about increased demand, in satisfying which, wearing qualities were sacrificed for appearance. The apparently unlimited demand and high prices attracted many to enter the business; expansion was rapid and reached the saturation point about 1929.

Then came the depression. Prices declined drastically and many concerns with large inventories built up during the time of high silk prices, were caught, with resulting embarrassments and failures.

Trend to Full-Fashioned

Undoubtedly, the greatest change within recent years has been in women's hosiery, the shift being from the seamless to the full-fashioned product.

In only recent years, the fashioned type has assumed great importance, being practically confined to the manufacture of ladies' hosiery, with a yearly production of about 30 million pairs which is more than twice the annual output of women's seamless hosiery. (*)

(*) "Significant Post-War Changes in the Full-Fashioned Industry," by George W. Taylor, G. A. Dash, Jr. Ind.Res. Dept. Wharton School of Finance and Commerce. U. of Pa., Phila., Pa. Dec. 1934.

In this connection, the figures on the production of women's hosiery are interesting. It is seen from the following table that since 1925, the full-fashioned type has constantly increased in its proportion of the total. In 1925, only slightly over one-fourth of womens hosiery was full-fashioned, while by 1934 nearly three-fourths of it was full-fashioned. During this period the production of full-fashioned has increased more than 250 per cent, while that of womens seamless has declined to 31.5 per cent of its 1925 volume.

The reasons for this phenomenal increase are probably its better appearance accentuated and brought into prominence by short skirts, and a style trend towards sheerness.

TABLE XXXIX

PRODUCTION OF WOMENS HOSIERY 1925 to 1934
BY TYPE OF PRODUCT IN DOZENS OF PAIRS
(000 omitted)

	Full Fashioned		Seamless		TOTAL
	Production	% of Total	Production	% of Total	
1925	12,291	26.2	34,713	73.8	47,004
1926	14,614	35.0	27,140	65.0	41,754
1927	19,771	46.7	22,543	63.3	42,314
1928	26,980	57.8	19,715	42.2	46,695
1929	29,980	64.0	16,785	36.0	46,765
1930	29,365	74.0	10,279	26.0	39,644
1931	29,127	72.6	11,782	27.3	40,909
1932	30,816	74.6	10,530	25.4	41,346
1933	31,287	75.2	10,376	24.8	41,663
1934	31,326	74.2	10,928	25.8	42,254

Source: National Association of Hosiery Manufacturers
"Statistical Bulletin of the Hosiery Industry"
Statistics for August, 1935.

Shipments and Stocks

The accompanying tables show estimated net hosiery shipments and estimated stocks on hand at end of month, monthly for the period January, 1926, through July, 1935.

TABLE XL

HOSIERY INDUSTRY

	Estimated Net Shipments (000 of dozen)*									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	9,184	8,733	8,342	8,900	7,689	7,406	7,524	6,764	6,820	8,588
February	9,305	9,384	9.019	8,426	7,642	8,412	8,201	7,751	8,242	8,732
March	10,782	11,692	10,474	10,180	8,181	9,559	9,234	9,023	10,488	9,768
April	9,552	9,951	8,848	9,979	8,390	9,397	8,143	8,744	9,402	9,180
May	8,983	9,767	9,109	10,039	8,284	9,210	8,133	10,140	9,611	9,124
June	10,485	10,688	9,313	9,773	7,759	8,923	8,007	12,330	8,458	7,513
July	8,466	8,873	8,149	8,866	6,758	7,442	5,913	10,061	6,349	6,818
August	10,361	11,046	10,262	10,093	8,069	8,764	8,491	8,796	8,666	
September	11,043	11,978	10,328	11,152	10,116	9,634	11,291	9,478	8,078	
October	10,837	11,810	11,458	12,246	11,044	10,082	11,716	8,939	9,791	
November	10,694	10,801	11,398	11,241	10,237	9,383	10,960	7,717	9,308	
December	9,791	10,028	9,247	8,546	8,736	8,764	9,243	6,023	8,220	
Average	9,957	10,396	9,662	9,953	7,850	8,915	8,905	8,814	8,619	

* Estimated from Bureau of Census data by assuming the ratios of stocks and shipments to production as found in sample applies to total. Beginning July 1933 for shipments and October 1933 for stocks, data taken directly from Hosiery Code Authority Bulletin.

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TABLE XLI

HOSIERY INDUSTRY

Estimated Stocks, end of month (000 of dozens)*

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	16,931	20,081	21,956	20,772	23,296	19,897	19,343	17,786	16,563	18,444
February	17,630	20,812	23,285	19,093	24,847	19,807	19,784	17,739	17,501	19,028
March	17,831	20,193	23,362	22,470	25,493	19,076	19,414	17,233	17,571	19,053
April	17,886	21,338	23,703	21,928	24,731	18,832	19,125	16,590	18,134	19,366
May	16,854	21,767	24,836	23,048	26,332	18,792	18,277	17,083	18,742	19,546
June	17,594	22,391	24,784	23,081	28,673	19,070	17,935	16,365	18,845	19,256
July	20,947	23,076	24,523	23,083	26,642	19,320	18,567	15,029	19,164	19,979
August	20,292	22,259	23,785	22,962	25,940	19,470	17,661	15,456	18,332	
September	19,124	21,164	22,355	21,781	24,284	18,748	16,958	14,663	17,238	
October	18,821	21,907	21,588	21,400	22,646	18,511	16,235	15,443	17,006	
November	18,857	20,815	21,175	21,187	22,319	18,094	16,021	15,840	17,159	
December	18,455	21,013	20,689	21,340	22,766	18,089	16,334	16,994	16,934	
Average	18,436	21,401	23,004	21,845	24,831	18,976	17,971	16,352	17,766	

* Estimated from Bureau of Census data by assuming the ratios of stocks and shipments to production as found in sample applies to total. Beginning July 1933 for shipments and October 1933 for stocks, data taken directly from Hosiery Code Authority Bulletin.

Examination of the shipment data reveals its seasonal nature, a spring peak generally occuring in March, followed by a dull summer, and a longer and more pronounced fall season, prior to 1931 generally lasting the four months from August through November. The summer of 1932 recorded the lowest shipments of any time since 1926. The year 1933 was an abnormal one and had heavy shipments in May, June and July, due to increased buying in expectation of higher costs under a Code.

For the years 1926 and 1927 the ratio of end of month stocks to average monthly net shipments was less than two to one, the total stocks on hand averaging about 18,000,000 dozen pairs monthly in 1926 and 21,400,000 in 1927. By 1928 the ratio had shown a tendency to rise and had become 2.4 with an end of month stock average of 23,000,000 dozen pairs. Conditions were slightly improved in 1929, but by 1930 the industry was clearly overstocked, the ratio of stocks to shipments being 3.2, June of that year showing a record of 28,675,000 dozens on hand. Not only that but these stocks were accumulated at high raw material prices, which by 1930, along with prices of the finished product, had begun the steady decline that was to last until the Code period. The Industry had apparently gotten their stocks more in hand by 1931, the ratio declining from that year on until 1933, the average monthly stocks being between 16,000,000 and 19,000,000 dozens. The effect of increased buying and code curtailment programs are seen in the 1933 ratio of slightly over 1.8 and average stocks of 16,352,000 dozens monthly. Stocks were kept well in hand during 1934, but during 1935 have showed a tendency to rise.

DISTRIBUTION

GENERAL CHARACTERISTICS

Unfortunately, limitations under which the study was made did not permit a more thorough study of distribution of the product.

Among the facts at hand, the following may be deduced:

1. In general, total hosiery shipments tend to follow general business activity and the index of industrial production.

2. Hosiery retail sales are extremely seasonal, pre-Christmas buying being twice the normal sales.

3. The retailing of hosiery is generally a profitable operation.

4. The distribution of hosiery is clearly interstate in character.

- oOo -

1. In support of the fact that the hosiery shipments in general follow industrial activity is cited a chart appearing in the Hosiery Statistical Bulletin of May, 1935. In addition such is the opinion of the National Recovery Administration Economic Advisor on the Hosiery Code, who in a report dated February 11, 1934, stated:

> ".....it is felt that the extent to which the prosperity of the Industry depends upon economic trends and the maintenance of a close contact with public demand must not be minimized."

2. The second contention is readily shown by a graph of shipments versus sales throughout the year. (*)

Such a graph shows a small excess of shipments over sales throughout most of the year with an extremely sharp pre-Christmas peak occurring in November and December.

3. According to the Controllers Congress of the National Retail Dry Goods Association, without going into detail as to the relation between mark-on, stockturn, and profits in the various departments, hosiery, with a moderate mark-on and high stockturn, is one of the most profitable departments.

4. That hosiery distribution is interstate in character may be deduced from Table XLII.

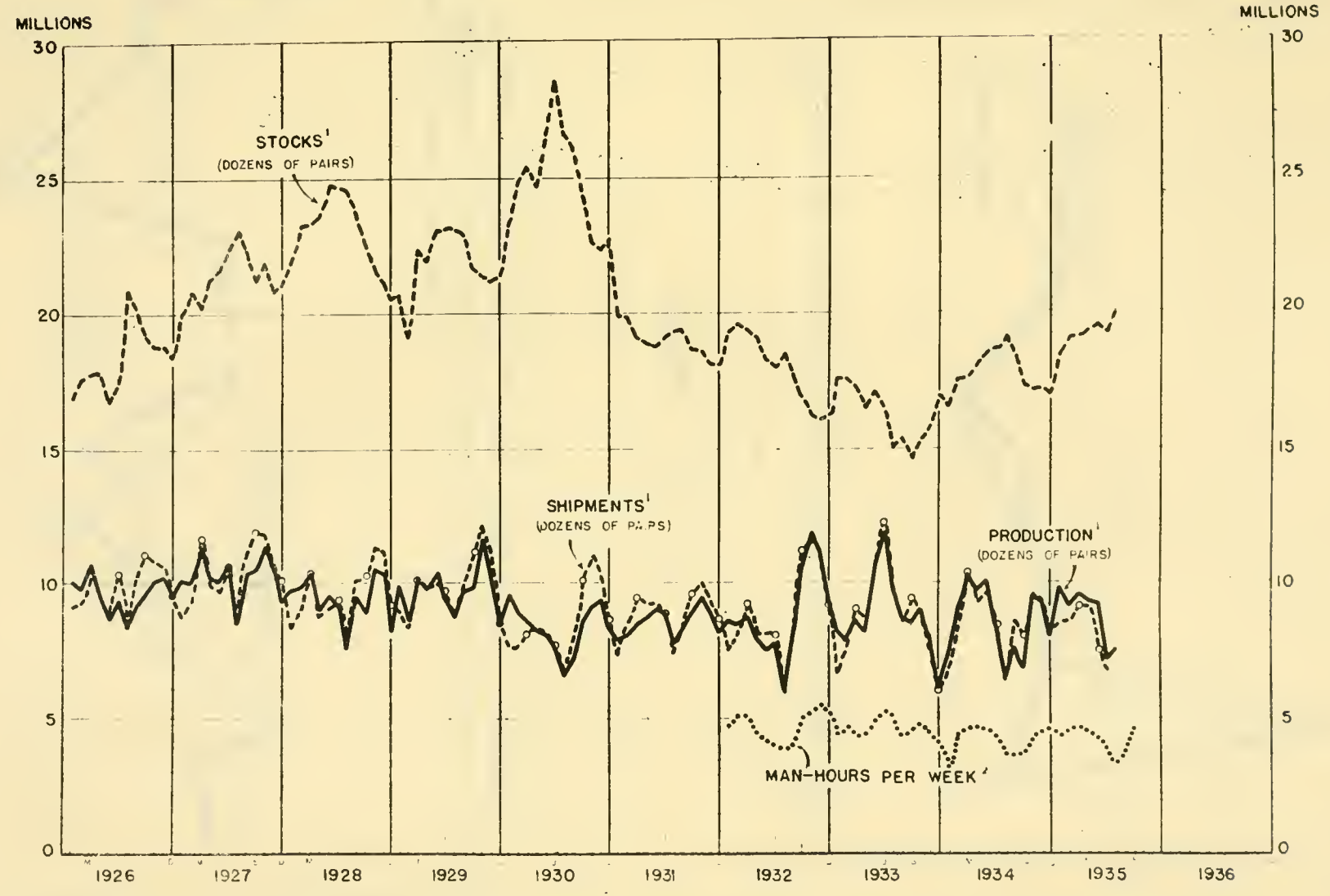
From this table it is seen that ten leading states produced about ninety-two per cent of the 1929 production, but there resided in these

(*) Hosiery "Statistical Bulletin" June, 1935, Page 5 (Hosiery Industry National Association of Hosiery Manufacturers.)

HOSIERY INDUSTRY

ESTIMATED PRODUCTION, MAN-HOURS, NET SHIPMENTS, AND STOCKS AT END OF MONTH

1926 - 1935



SOURCES [1] PRIOR TO JULY 1933, ESTIMATES BASED UPON BUREAU OF CENSUS DATA, JULY 1933 AND LATER, DATA FROM HOSIERY CODE AUTHORITY

[2] ESTIMATE BASED UPON BUREAU OF LABOR STATISTICS DATA

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DIVISION OF REVIEW
STATISTICS SECTION

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CHART IV A1

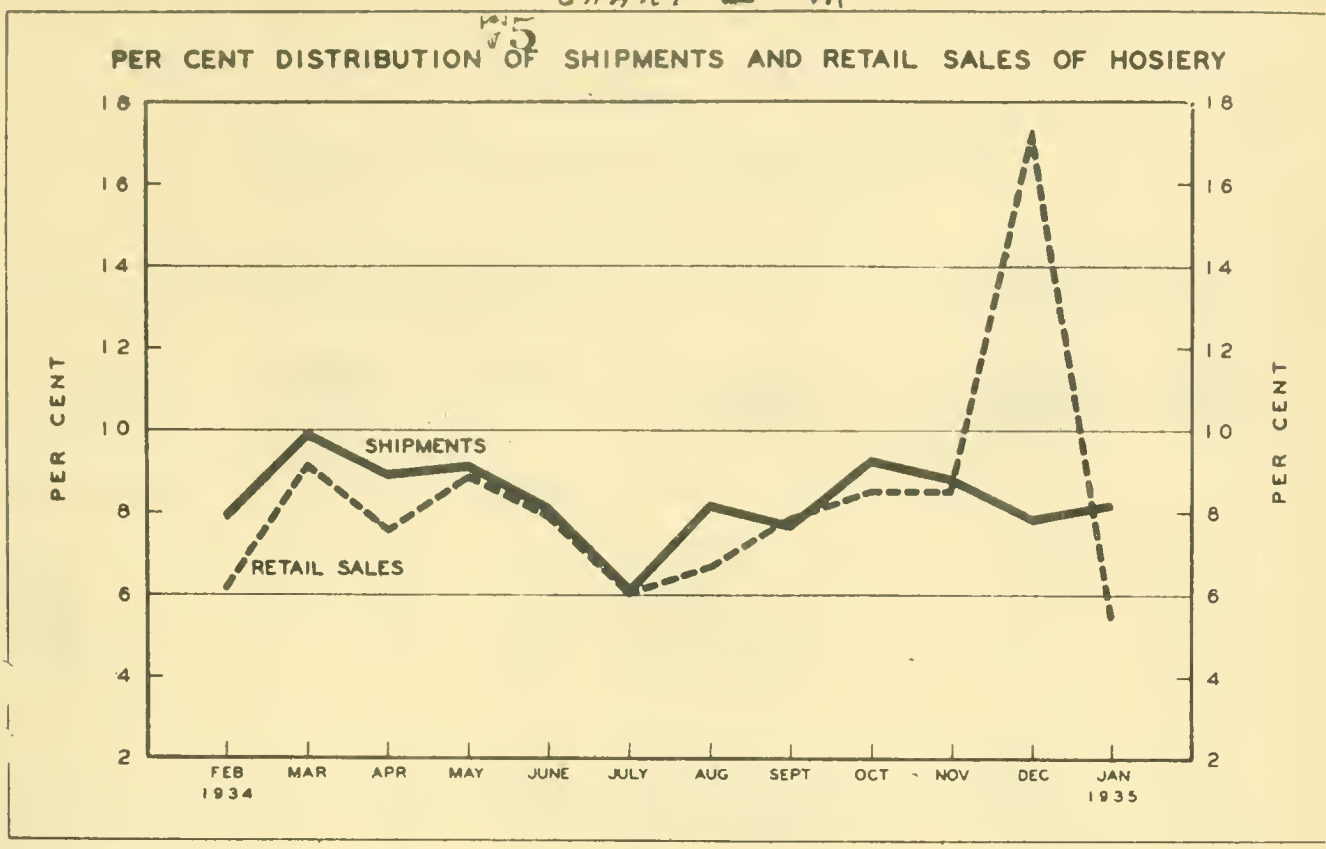

CHART IV B

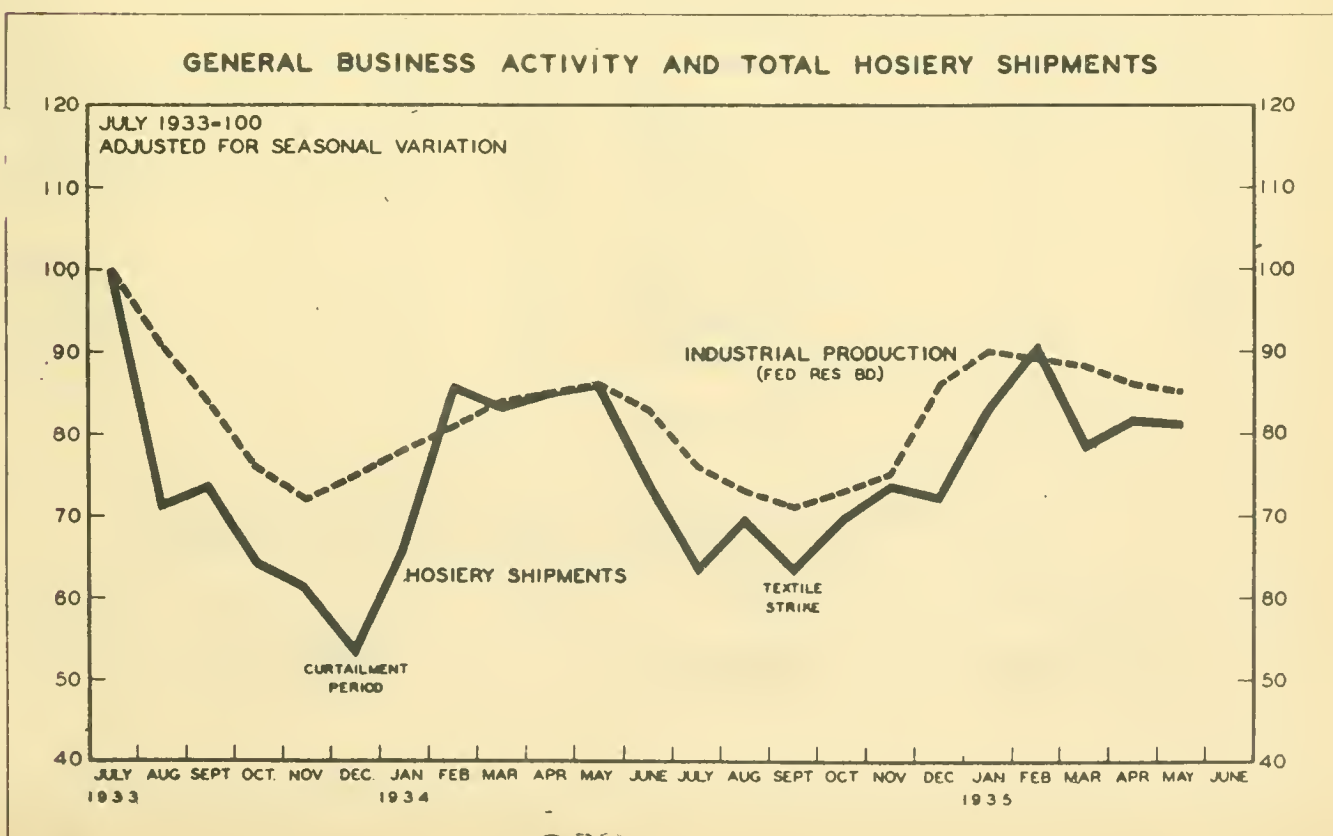

TABLE XLII

PERCENTAGE DISTRIBUTION OF HOSIERY PRODUCTION 1929, AND POPULATION, 1930, BY STATES

State	Per Cent of Total		State	Per Cent of Total	
	Hosiery Production	Population		Hosiery Production	Population
United States	100.0	100.0			
Alabama	.7	3.3	Nebraska	.0	1.1
Arizona	.0	.4	Nevada	.0	.1
Arkansas	-*	1.5	New Hampshire	.9	.4
California	-*	4.6	New Jersey	4.5	3.3
Colorado	.0	.8	New Mexico	.0	.3
Connecticut	-*	1.3	New York	4.6	10.2
Delaware	.0	0.2	North Carolina	14.3	2.6
District of Columbia	.0	.4	North Dakota	.0	.6
Florida	.0	1.2	Ohio	-*	5.4
Georgia	2.7	2.4	Oklahoma	.0	2.0
Idaho	.0	.4	Oregon	.0	.8
Illinois	1.9	6.2	Pennsylvania	42.0	7.9
Indiana	5.3	2.6	Rhode Island	.2	.6
Iowa	-*	2.0	South Carolina	-*	1.4
Kansas	.0	1.5	South Dakota	.0	.6
Kentucky	-*	2.1	Tennessee	6.9	2.1
Louisiana	-*	1.7	Texas	-*	4.7
Maine	.0	.6	Utah	.0	.4
Maryland	-*	1.3	Vermont	-*	.3
Massachusetts	1.9	3.5	Virginia	.9	2.0
Michigan	.7	3.9	Washington	.0	1.3
Minnesota	-*	2.1	West Virginia	-*	1.4
Mississippi	-*	1.6	Wisconsin	7.6	2.4
Missouri	-*	3.0	Wyoming	.0	.2
Montana	.0	0.4			
			Other States	4.9	

Source: Census of Population, 1930 and Census of Manufactures, 1929
Population data as of January 1, 1930.

* Included in "Other States". Population in the states so listed amounted to 34.4 per cent of total.

states only about forty-three per cent of the country's population. Such a consumer's goods product like hosiery is consumed almost directly proportional to the number of consumers, that is, the population. It is naturally inevitable, therefore, that these states having a small percentage of the population yet producing a great majority of the hosiery ship it to the non-producing highly populated areas. As evidence that all hosiery produced in some states cannot logically be consumed within those states, this table shows:

Pennsylvania	-	42 per cent of production 8 per cent of population
North Carolina	-	14 per cent of production 3 per cent of population
Wisconsin	-	5 per cent of production 3 per cent of population

Furthermore, it is a well known fact that large mail order sellers of hosiery, Sears Roebuck, Montgomery Ward, and the Real Silk Hosiery Company, use the mails freely.

Further evidence of the interstate character of the industry is indicated by Table XLIII. From this table, it is seen that in 1929 in non-hosiery producing states, retailers made 3.6 per cent of the total hosiery retail sales, amounting to $7,705,000.

New York State's position in the hosiery picture is interesting. This state, although producing only 3.3 per cent of the total product, wholesales 77.5 per cent of it and makes 13.5 per cent of the total retail sales.

Pennsylvania, on the other hand, with a relatively high production amounting to 25.3 per cent of the total, wholesales only 4.5 per cent and retails 7.7 per cent of the total. Similarily, North Carolina with 11.4 per cent of the production wholesales 1.0 per cent and retails 0.6 per cent of the total.

TABLE XLIII

HOSIERY PRODUCTION AND NET SALES OF CERTAIN WHOLESALERS AND OF RETAILERS BY IMPORTANT PRODUCING STATES AND BY SPECIFIED NON-PRODUCING STATES, 1929

State	Production a/			Wholesaling b/		Retailing c/		
	Number Firms	Value of Product $1,000	Per Cent of Total Products	Number Firms	Net Sales $1,000	Per Cent of Total Sales	Number Firms	Net Sales $1,000	Per Cent of Total Sales
United States	730	528,700	100.0	420	300,635	100.0	135,372	500,592	100.0
Pennsylvania	236	123,425	23.3	42	13,572	4.5	11,848	38,783	7.7
North Carolina	124	62,783	11.9	9	3,106	1.0	2,199	3,016	0.6
New York	16	12,069	2.3	205	233,156	77.5	22,147	67,701	13.5
Colorado	d/			e/			982	3,420	0.7
Florida	d/			e/			1,717	3,370	0.7
Oklahoma	d/			e/			1,714	1,603	0.3
New Mexico	d/			e/			294	136	0.0
North Dakota	d/			e/			418	943	0.2
South Dakota	d/			e/			454	534	0.1
Utah	d/			e/			349	1,636	0.3
Washington	d/			3	533	0.2	1,777	6,318	1.3

a/ Census of Manufactures "Knit Goods", 1929. Data relate to establishments classified as hosiery manufacturers only.

b/ Census of Distribution, Wholesale, 1930 "Wholesale Trade". Data relate to establishments classified as "Hosiery" only.

c/ Census of Retail Distribution 1930: for United States from Summary for the United States Tables 2 A and 15; for states Reports by States, Table 1 and 15. Nethosiery sales are found by multipying total net sales by the percentages of total attributable to hosiery and adding for the following classes of stores: department stores with

(Continued)

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and without food, dry goods, general merchandise with and without food, variety, men's furnishing, men's clothing, family clothing, women's ready to wear, corset and lingerie, hosiery, millinery, children's specialty, women's shoe, and family shoe. In many cases, particularly the less populated states, all these classes were not specified and consequently the hosiery sale figure is likely to be understated. New Mexico is the extreme case where only general merchandise without food and women's ready-to-wear stores are reported in detail sufficient to compute hosiery sales.

d/No hosiery manufacturing firms.

e/No hosiery wholesalers listed.

The following table shows the respective channels through which 31,000,000 dozen pairs of full fashioned hose flowed in 1933.

TABLE XLIV

VOLUME OF FULL FASHIONED HOSIERY
SALES - 1933
ACCORDING TO DISTRIBUTION CHANNEL

Distribution Channel	Sold Through Designated Channel	% of Total Full Fashioned
Mill to Mill	1,426,000	4.6
Mill to Wholesale	2,480,000	8.0
Mill to Retail	14,043,000	45.3
Mill to Wholesale-Retail	11,284,000	36.4
Mills to Wholesale-Retail Consumer	1,147,000	3.7
Sold to Consumer	620,000	2.0
Total	31,000,000 Dozens	100.0

It is seen from this table that sales direct to retailers is the most important channel of distribution for women's full fashioned hosiery; over 45 per cent of the product being distributed in this manner.

Next in importance are sales to wholesalers who resell to retailers. This channel accounting for slightly over 36 per cent of the total sales. Sales direct from the mill to the ultimate consumer are probably considerably higher than for other women's apparel. Such sales are largely accounted for by the sales policy of one large concern, the Real Silk Hosiery Mills.

Sales Policies of Full-Fashioned Mills

The sales policies of full-fashioned hosiery mills are shown by the following table:

TABLE XLV

FULL-FASHIONED HOSIERY MILLS IN 1933
ACCORDING TO SALES POLICY

Selling Outlet	Mills Number Selling to Designated Outlet	% of Total F.F. Mills	Machines Number in mills selling to outlet.	% of total F. F. Machines
Wholesale	28	8.9	1173	8.0
Retail	162	51.6	6619	45.3
Wholesale & Retail	69	22.0	5314	36.4
In the Grey	30	9.5	670	4.6
Consumer	2	1.0	301	2.0

Note: 22 Mills having 530 machines do not follow a certain sales policy and will sell any available sales channel.

SOURCE: "Statistical Folder,1934", Textile Machine Works, Reading, Pa.

It can be seen from this table that over half the fullfashioned mills owning 45 per cent of the machines sell direct to the retailers. Next in importance are the mills which sell to both wholesalers and retailers, 22 per cent of the mills owning 36 per cent of the machines selling to both of these outlets.

Exports and Imports

Exports and imports are a relatively unimportance item when compared with the total value of domestic production. For instance, total exports in 1934 amounted to only 589,000 dozen pairs, valued at $2,023,000, which is less than one-tenth of one per cent of both volume and value of the total production for that year. Imports the same year were even less important, amounting to 597,000 dozen pairs, valued at $951,000. These imports consisted of novelty lisle and wool hose not produced in this country; a greater proportion of the imports, however, were cheap cotton hose from Japan. Imports also show a decline of about 40 per cent from the 1926-1930 average of 1,000,000 dozen pairs, to 597,000 dozen pairs in 1934.

The accompanying tables show volume and value of exports and imports of hosiery from 1930 to 1934.

TABLE XLVI

QUANTITY OF EXPORTS BY PRODUCT, THREE-YEAR AVERAGE, 1928-1930, AND BY YEARS, 1930-1934.

(Thousands of Dozen Pairs)

Product	Average 1928-1930(*)	1930	1931	1932	1933	1934
Silk Hosiery	811	613	416	250	245	221
Women's seamless	65	32	30	15	13	20
Women's full-fashioned	616	492	342	210	207	184
Children's	11	6	3	4	2	1
Men's	119	83	41	21	23	16
Rayon Hosiery	918	583	311	200	140	121
Women's	459	241	154	101	71	57
Children's	100	78	27	20	10	7
Men's	359	264	130	79	59	57
Cotton Hosiery	3303	2253	1122	709	413	247
Women's	1676	1054	593	338	187	86
Children's	673	552	260	193	110	58
Men's	954	647	269	178	116	103

(*) Five-year averages, 1926-1930, are as follows: Silk Hosiery, 875; Rayon Hosiery, 1035; Cotton Hosiery, 3798.

SOURCE: Statistical Abstract of the United States, 1934, pp.453,455. Monthly Summary of Foreign Commerce of the United States, December 1934, pp. 9, 10.

TABLE XLVII

VALUE OF EXPORTS BY PRODUCT, THREE-YEAR AVERAGE, 1928-1930, AND BY YEARS, 1930-1934

(Thousands of Dollars)

Product	Average 1928-1930 (*)	1930	1931	1932	1933	1934
Silk Hosiery	8546	6170	3449	1530	1346	1369
Women's seamless	520	243	171	67	51	77
Women's full-fashioned	7328	5465	3080	1374	1221	1228
Children's	41	21	12	6	3	3
Men's	657	441	186	83	71	61
Rayon Hosiery	2810	1617	749	382	252	253
Women's	1577	771	399	220	137	126
Children's	225	160	52	30	12	10
Men's	1008	686	298	132	103	117
Cotton Hosiery	5618	3684	1687	878	511	401
Women's	2980	1796	908	427	242	143
Children's	1035	837	358	217	116	84
Men's	1603	1051	421	234	153	174

(*) Five-year averages, 1926-1930, are as follows: Silk Hosiery, 8531; Rayon Hosiery, 3418; Cotton Hosiery, 6518.

Source: Statistical Abstract of the United States, 1934, pp. 453, 455. Monthly Summary of Foreign Commerce of the United States, December, 1934.

TABLE XLVIII

QUANTITY AND VALUE OF IMPORTS BY TYPE, FIVE-YEAR AVERAGE, 1926-1930, AND BY YEARS, 1930-1934

	Cotton		Wool	
	(Thousands of Dozen Pairs)	(Thousands of Dollars)	(Thousands of Dozen Pairs)	(Thousands of Dollars)
Average 1926-1930	649	2025	356	2279
1930	512	1523	230	1312
1931	600	1584	247	956
1932	521	828	178	411
1933	577	683	218	600
1934	456	516	141	435

Source: STATISTICAL ABSTRACT of the UNITED STATES, 1934, pp. 500, 503. Monthly Summary of Foreign Commerce of the United States, December, 1934, pp. 22, 23.

Territorial Trade

Exports of hosiery to the possessions of the United States, while not large in volume or value, are of particular interest in that they are evidence of interstate movement of the goods of the Hosiery Industry. The following table summarizes the volume and value of such shipments.

TABLE XLIX

QUANTITY AND VALUE OF EXPORTS OF HOSIERY TO POSSESSIONS OF THE UNITED STATES, 1931-1934

	Quantity Dozens of Pairs			Value (Thousands of Dollars)		
Year	Hawaii	Puerto Rico	Alaska (*)	Hawaii	Puerto Rico	Alaska(*)
1931	82,796	398,918	10,181	274,420	606,535	25,605
1932	72,067	364,190	5,693	199,595	482,963	11,983
1933	72,446	387,271	6,263	181,582	477,154	12,962
1934	73,640	381,055	11,298	213,558	575,107	26,277

(*) Cotton hosiery only.

Source: Monthly Summary of Foreign Commerce of the United States, December 1932, pp.46, 50, 57, 58; December 1934, pp. 37, 41, 47.

CHAPTER IV

ADOPTION AND ADMINISTRATION OF THE CODES

CODE ADOPTION

Introduction

Industry regulation by means of a code was not a new idea to the Hosiery Industry. As long ago as 1773 a hosiery code was promulgated in Germany entitled "New Guild and Trade Code for all Stocking Weaving and Knitting Guilds in Chur-Palatinate". (*) Examination of this ancient code reveals that many of the present day problems of the Industry were in existence even at that early date, this code having been established because the trade "had fallen into such condition that the fewest masters can make a living thereby".

This code required statistical reports showing the number of dozen produced during the year, and contained provisions fixing minimum prices, and prohibiting unfair trade practices such as calling customers away from competitors' counters, bribing competitors' employees, and depreciating the quality of one's goods.

Preliminary Steps

At the time of passage of the National Industrial Recovery Act there was in existence in the hosiery industry a strong and ably run trade association, well versed in co-operative industrial activity, which had been in existence for many years. Shortly after the signing of the act, the National Association of Hosiery Manufacturers took the following steps in evolving a code for the Industry:

"1. An Advisory Committee was set up in each one of the principal branches of the industry, embracing a total of fifty-nine (59) hosiery executives. Separately and jointly these committees have been consulted.

"2. A Hosiery Industrial Board of Control was created, consisting of the Chairman of the mentioned Advisory Committees, together with officers and directors of the Association.

"3. A Conference Committee was created within the Hosiery Industrial Board of Control, to confer with The National Recovery Administration and other parties of interest.

"4. Conferences were held with the administrators selected by the Government. Such conferences, by prearrangement, included the representatives of labor. By these conferences

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(*) Daily News Record, September 12, 1935, (Fairchield News Service New York City)

substantial agreement was arrived at between industry and labor, with particular reference to those provisions of the code which deal with hours, wages and conditions of work.

"5. A preliminary draft of the code was submitted to a general conference of hosiery manufacturers held in New York July 12th and 13th. This conference was attended by the executives of three hundred and thirteen (313) hosiery companies, without distinction as to membership in the Association.

"6. The conference of July 12th and 13th unanimously approved the Preliminary Draft of the code with certain amendments and additions, which are reflected in the final draft under consideration. The mills approving the Code represented 90% of the full fasioned equipment of the industry, and 94% of the seamless equipment." (*)

Not waiting for the full Code to be thoroughly digested and approved, the National Recovery Administration, by Executive Order of the President on July 26, 1933, approved a provisional Code containing:

1. A limitation upon the working hours of employees to 40 hours per week and consisting of 5 days of 8 hours each.

2. A minimum wage.

3. Section 7 (a) of the Act defining collective bargaining rights of employees.

Points of View on Code

A public hearing was held on the proposed code for the hosiery industry on August 10, 1933. At this hearing, the proponents, organized labor, and individual members of the industry, expressed their views on the proposed code, and suggested certain changes and amendments.

Hours. The code proposal was for a 5-day week of 40 hours for productive operations with a limitation to 2 shifts of 40 hours each per week. In support thereof it was stated that: 2 shifts of 55 hours each had been general throughout the industry and since the proposed change would mean a 27 per cent reduction in productive hours it was hoped that production (with a reasonable protective margin) would be balanced against consumption which had declined only 10 per cent since 1929.

Furthermore, that the reduction of hours would cause the reabsorption of practically all the difference between the number of workers employed and the average number of employed in the industry in 1929.

(*) Transcript of Hearing, Hosiery Industry, August 10, 1933, pp. 43 and A4. N.R.A. files.

It was estimated that during the highest activities in 1929, 151,000 workers were employed. During the first six months of 1933 the average number of workers was 119,000. The number of productive hours from 110 to 80 per week should result in increasing the average number of workers from 119,000 to 148,000.

By a report of its Conference Committee, the National Association of Hosiery Manufacturers, under date of July 19, 1933, suggested that the week should consist of five eight-hour days and the days should be Monday to Friday. Full fashioned footing equipment which is operating one shift should continue to operate one shift only and full fashioned footing equipment which is operating more than one shift should operate not to exceed two shifts.

In recognition of the intensely highly seasonal nature of woolen goods, and that they must meet requirements for all woolen hosiery before December, two-shift production in that branch was permitted by Section 8 of Article IV of the Code until December 31, 1933, after which that branch would be governed by the limits prescribed for all other branches.

A number of manufacturers protested, at the public hearing, against the provision limiting the machine hours to eighty per week.

Organized labor, while in favor of the shift limitation, made a strong demand for a thirty-hour week, as opposed to the manufacturers' proposal for forty hours.

Mr. Emil Rieve, President of the American Federation of Full Fashioned Hosiery Workers, contended that if a forty-hour week were adopted it should be made to apply to all employees as well as those on "productive operations", and suggested that a thirty-hour maximum week for two-shift footer operation at the same wage as for forty-hour single shift operation, be established instead of thirty-six hour shift for two shift footer operation.

Wages. In the preliminary draft of the code and all early industry discussions, all proposed wage control provided "only a minimum wage". The first proposal was for a basic minimum of $10 per week. Largely because the practice of paying piece work wages prevailed in the industry, and because of pressure from organized labor and on the advice of their industrial advisor, and "to prevent the minimum becoming either a minimum or a maximum", (*) later code proposals were for minimum wages classified by occupation. The code as finally approved provided a series of minima, one for each recognized class of skilled labor, ranging from $13 to $27.50 per week in the North, with a differential of approximately 10 per cent lower for the South. This Southern differential was established "in recognition of the lower cost of living in that section". (**)

(*) Transcript of Hearing, Hosiery Industry, August 10, 1933, p. 11, Earl Constantine.

(**) Transcript of Hearing, Hosiery Industry, August 10, 1933, Earl Constantine, NRA files.

While not objecting to the proposed classified minima, Mr. Rieve of the union objected to the Southern differential, stating that a National Industrial Conference Board study showed slight differences in living costs in the two areas. He proposed a minimum of $14 and $13 for the seamless branch; that when learners are capable of earning more than their minimum wage working at piece work rates, they should be compensated at the higher wage; that all knitting helpers be paid by the employer instead of the knitter; and that machines run as single jobs prior to July 1, 1933, shall continue to be so run, (this principally for the purpose of discontinuance of "stretch outs"). The union requested that election of department or shop representatives and conferences between those representatives and employers be held in places other than their plant premises, be provided for in the code; and that the union should be permitted to investigate and use all data collected by the National Association of Hosiery Manufacturers.

Child Labor. Although child labor had largely died out in the industry because of State laws, the code completely eradicated it and prohibited the employment of minors under 16 years of age. Indications are that Pennsylvania manufacturers opposed this provision in the preliminary conferences on the proposed code, but with the moral impetus given the cause for the abolition of child labor by the publicity given the approval of such a provision contained in the Cotton Textile Code, finally agreed to its incorporation in the Hosiery Code. (*)

Trade Practices. At the public hearing on the proposed code held August 10, 1933, there was practically no question raised on trade practices except relative to stamping all hosiery sold as seconds or irregulars. Cases were cited of purchasers procuring seconds or irregulars and selling them as first quality stock. If only one of a pair was stamped as irregular, the unstamped singles would be matched and sold as perfect merchandise.

It was claimed that the reduction in productive hours with the increased wage rates would naturally increase costs. Therefore, it was felt that Article VIII, Section 4, was absolutely necessary, -- this Article provided for a uniform manner in which to determine costs, and prohibited the sale of merchandise below cost as so computed.

Code Approval. After the public hearing, informal conferences were held by the Deputy Administrator, attended by representatives of both the trade association and organized labor. At these conferences minor differences were adjusted and the final draft of the code worked out.

The Hosiery Code was approved by Executive Order of the President on August 26, 1933, to become effective on the second Monday thereafter.

A special hearing was held on September 27, 1933, at which all protestors against the code as approved were given an opportunity to be heard.

(*) Recollection of James Worthy, former Assistant Deputy Administrator, NRA.

ADMINISTRATION OF CODE BY CODE AUTHORITY

Code Authority Personnel

According to Article IX, Section 1, the Code Authority was to consist of:

A. Total of twelve members.

1. Eight Industry members appointed by the Board of Directors of the Trade Association.

2. Two Labor members appointed by Administration on nomination of the Labor Advisory Board.

3. Two members appointed by Administration.

Industry Members.

The granting of the Trade Association the right to appoint the industry members of the Code Authority was based on the fact that it was "the only established national and representative Trade Association in the industry"; that it imposed no inequitable restrictions on admission to membership; and that it represented over 70 per cent of the total volume of production of the Industry. (*)

This arrangement of having the Association appoint the Industry members of the Code Authority has been severely criticised. The Darrow Board on May 15, 1934 found:

1. That 40% of the units of the Industry were not members of the Association.

2. That the Code Authority was not representative of the small units.

On June 14, 1934, probably as a result of this criticism two members of the Code Authority, owners of large plants, resigned and their places were taken by owners of small plants. At that time the Code Authority established the practice of rotating or partially changing the Code Authority every six months.

According to an opinion of the National Recovery Administration Legal Adviser (8/6/34) the Code Authority was not representative of the non-association members of the industry. He stated that the method ofselection should be by industry vote, and that the close connections

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(*) Transcript of Public Hearing August 10, 1933, page 3 Hosiery Industry, NRA files.

between the Code Authority and the trade association should be broken up.

Labor Members.

It is believed that this was the first code to give labor representation on its Code Authority. In practice the labor representatives appointed by the National Recovery Administration on the nomination of the Labor Advisory Board were officials of the union in the full fashioned branch of the industry. These members were:

1. Mr. Emil Rieve, President of the American Federation of Full Fashioned Hosiery Workers.

2. Mr. William Smith, Secretary Treasurer and past President of the same union.

This labor representation is open to criticism because unorganized labor had no representation. Mr. Rieve objected to a Southern wage differential. (*) A Southern wage differential would have worked to the disadvantage of the Northern Mills - the unionized portion of the industry. Furthermore, the full fashioned branch of the industry is largely unionized while the seamless group is not.

Administration Members.

The Administration Members on the Hosiery Code Authority were:

1. Dr. George W. Taylor, economist and leading hosiery expert.

2. Stanton B. Sanson, President of the Ajax Hosiery Mills, and member of the minority group of Industry members opposed to machine hour limitation.

Dr. George W. Taylor, a professor of the Industrial Research Department of the Wharton School of Finance and Commerce, University of Pennsylvania, has given much time to the study of hosiery problems since 1929. He was connected with the Hosiery Code from its inception, acting as the National Recovery Administration's Industrial Advisor at the first public hearing; and he wrote the economic report contained in the letter of transmittal.

Mr. Sanson, a manufacturer, was appointed by the National Recovery Administration to look out for the interests of a minority group of the Industry holding views on production control opposed

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(*) Transcript of Hearing, Hosiery Industry, August 10, 1933, Statement of Emil Rieve, NRA files.

to those of the Code Authority. He was supposed to thoroughly study the whole problem of production control in the industry. After his report was rendered his Code Authority membership was terminated since this report fulfilled the purpose of his appointment.

Trade Association Relationship

The connections between the trade association and the Code Authority were very close. Officially the code provided:

Article II, Section 1.	Code Authority members to be selected by the Association.
Article VII.	The Association to receive statistical reports.
Article VIII, Section 1.	The Association to develop a uniform sales contract.
Article VIII, Section 4.	Closeouts to be stamped with indelible transfer ordered only through the Association.
Article VIII, Section 15.	Disputes re. interpretation of trade practice provisions to be submitted to such forms of arbitration as set up by the Association.

Unofficially, the tie-up was even closer. The Managing Director of the Association was also Executive Director of the Code Authority. The Code Authority and the association occupied joint offices.

The relationship between the various trade associations and the National association can be gained from a special news letter of the national association of July 10, 1935, in which it was said that the National Association of Hosiery Manufacturers is not affiliated with any other association. It does, however, cooperate with the Underwear Institute, the Textile Color Card Association, the Full Fashioned Hosiery Manufacturers, Woolen Hosiery Institute, Southern Hosiery Manufacturers Association, Full Fashioned Hosiery Association and the American Federation of Full-Fashioned Hosiery Workers (an affiliate of the A. F. of L.) The original staff of the Association consisted of approximately ten persons; during the last twenty-four (24) years the force has been steadily increased. The activities have been previously stated.

Code Authority Committees.

In accordance with Article IX, Section 3, eight Branch Advisory Committees were early established to look after the interest and to advise the Code Authority on problems of the various branches of the Industry.

In addition thereto the Code Authority from time to time established special committees to study special problems such as production control, standardization of hosiery sizes and quality, North-South differentials, etc.

Committees to handle labor complaints and trade practice complaints were also established. These committees, although more or less unofficially recognized by the Deputy Administrators handling the code, where never officially recognized by the National Recovery Administration. The personnel selection and procedure of these committees in general appear to have conformed to National Recovery Administration regulations.

Code Authority Financing.

By a written agreement the expenses of the trade association and the Code Authority were apportioned.

A budget of estimated Code Authority expenditures was not presented to the National Recovery Administration for normal approval during the early Code days. However, by Administrative Order Number 16-9 on February 21, 1934 a basis of assessment of 1/10th of 1 per cent of monthly sales volume, upon members of the Industry, to defray the expenses of the administration of the code, was approved.

Collections of monthly assessments appear to have been good, especially during 1934 when over 90 per cent of the assessments were collected. At no time was there any complaint from the Code Authority of its inability to collect assessments nor do the files show any serious complaints from the industry. The Code Authority adopted a policy of reducing or waiving the assessments whenever the amount of funds on hand warranted it.

A proposed budget was submitted by the Code Authority for the period of July 1, 1934 to June 30, 1935 providing for an expenditure of $183,720.00. This was tentatively approved by the administration on April 9, 1935.

The report of the accounting firm, Ernst and Ernst, dated August 15, 1935, of an examination of the liquidation of the Hosiery Code Authority shows the following:

Period of Assessment	Net Amount of Assessments	Realized	Uncollected	Percentage Collected
Feb. 1 to Dec. 31, 1934 Incl.	$226,993.84	$205,527.41	$21,466.43	90.54
Jan. 1 to May 1, 1935 Incl.	112,199.03	112,199.03	83,379.91	74.31
Total	339,192.87	288,907.32	50,285.55	85.17

TABLE L

HOSIERY CODE VIOLATIONS
September 4, 1933, to March, 1935.

	Labor	Trade Practice	Total
Total Complaints Received of Violations Discovered -	903	154	1,067
Complaints Adjusted-	634	133	776
No Violations Found-	195	19	214
Unadjusted Feb. 28, 1935-	64	1	65
Cases in Which Restoration of Wages Were Made-			223
Number of Employees Receiving Back Wages-			2,478
Total Amount of Back Wages Paid-			$ 46,000

Source: Code Authority Records
Hosiery Industry

According to this report, 85 per cent of complaints were relative to labor provisions, 70 per cent of the labor complaints and 90 per cent of trade practice complaints received were adjusted. Of the wage restitutions, about $2,500 were brought about through the efforts of the NRA Compliance Division, and $10,000 through the combined efforts of this division and the Code Authority. The assumption, is therefore, that the balance of the restitutions were brought about through the unaided efforts of the Code Authority.

Compliance Activities of NRA

The report of the Compliance Division of complaints docketed by NRA from April 20, 1934, to May 5, 1935, is as follows:

TABLE LI

VIOLATIONS OF HOSIERY CODE REPORTED TO COMPLIANCE DIVISION- April 20, 1934 - May 5, 1935.

Type of Violation	Number of Complaints
Wages	86
Hours	41
Conditions of Work	4
Coordination and Administration	7
Section 7 (a)	3
Total	141

Source: NRA Compliance Division Records

The Compliance Division also reports that from November 11, 1933, to May 25, 1935, of 431 complaints docketed, 418 were relative to labor provisions, and 13 were trade practice complaints. Of the 431 docketed, 255 were adjusted, 9 of which were relative to trade practices.

Litigation.

There were 11 cases (one case may involve several violations) reported by the Litigation Division, 10 of which were violations of the minimum wage provisions, 8 were violations of maximum hour provisions, 4 were violations of machine hour provisions, and 2 were failure to furnish statistical information.

The most famous of the litigation cases was that of the Richmond Hosiery Mills of Rossville, Georgia, an alleged violation of wage, hour, and machine hour limitation provisions of the code, which was filed against this company by its competitors in September, 1933. This complaint was referred to the National Recovery Administration by the Code Authority, and was forwarded to the Department of Justice on March 2, 1934. The Richmond Hosiery Mills promptly obtained an injunction against the enforcement of the Code. At the time of the Schechter Decision, this case was pending before the Supreme Court.

Violations of Collective Bargaining Provision

This clause, and Section 7 (a) of the Act, came into play in six complaints to the effect that employers had refused to bargain collectively with their employees. These cases involved strikes requiring the intervention of the National Labor Board and the Compliance Division. The following companies were involved:

Harriman Hosiery Company	Harriman, Tennessee
Real Silk Hosiery Mills	Dalton, Georgia
Bear Brand Hosiery Company	Beaver Dam, Wisconsin
Hatch Hosiery Mills	Belmont, North Carolina
National Silk Hosiery Company	Indianapolis, Indiana
Fulton Hosiery Mills	Indianapolis, Indiana

The last two companies are subsidiaries of the Harriman Hosiery Company. The strike at the plant of the Harriman Hosiery Company occured October 26, 1933, because of the dismissal of thirty employees, who were officers and committeemen of the newly organized local of United Textile Workers. The National Labor Board, the Atlanta Regional Labor Board, and the United States Labor Department, spent five months of futile efforts in an endeavor to settle the difficulty, so General Johnson ordered that the Harriman Company be deprived of the Blue Eagle for alleged violations of Section 7 (a) of the National Industrial Recovery Act. (*)

The company finally agreed to bargain open-mindedly with the representatives of the six hundred strikers. In July, 1934, Assistant Administrator for Field Administration, A. R. Glancy, negotiated an agreement, and the Blue Eagle was restored. The terms of this agreement included the termination of the strike by the employees, and the Company's ceasing to prosecute any case as a result of the strike. It was also agreed that the company would re-employ the strikers in gradually increasing numbers. (**)

A strike occured at the Bear Hosiery Company's Beaver Dam plant on March 19, 1934, in protest against discriminatory discharge of six union workers. (***) About two-thirds of the company's workers participated in the strike, forcing the closing of the plant on March 20, 1934. The National Labor Board held a hearing on June 13, 1934, to discuss the questions involved, but the company failed to send any representatives to this hearing. Shortly thereafter the company began moving its equipment from the Beaver Dam plant to Kankatee, Illinois. The National Labor Board then charged the company with violations of Section 7 (a) of the National Industrial Recovery Act. Acting on these findings, the Compliance Division of NRA, on July 25,1934, withdrew the right of the Bear Brand Hosiery Company to use the Blue Eagle insignia. The NRA files fail to disclose any further action on this case, or whether the company ever reopened its Beaver Dam plant.

A strike occured at the Dalton, Georgia, plant of the Real Silk

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(*) News Release No. 4540, April 20, 1934, NRA Publications Library.

(**) News Release No. 6618, July 10, 1934, NRA Publications Library.

(**) News Release No. 4540, April 20, 1934, NRA Publications Library.

Hosiery Mills in November, 1934, as a protest against the discharge of eight employees, who were officers of the local United Textile Workers Union. (*) On February 28, 1934, a complaint was registered with the National Labor Board that the Company had failed to comply with a ruling of the Atlanta Regional Labor Board which called for reinstatement of the discharged workers. On February 16, 1934, the National Labor Board conducted a hearing on the case. As the result of an agreement reached on May 23, 1934, the strike was terminated, the company agreeing to reinstate workers who had not committed any acts of violence.

A strike occurred at the Hatch Hosiery Company's Belmont, North Carolina, plant, in protest of the discharge of eight employees for alleged union activities. (**) The National Labor Board held a hearing on April 23, 1934, allowing the company to show cause why they should not be cited for violation of Section 7(a) of the Act. As a result of an agreement reached in June, one half of the one hundred strikers were reinstated.

Strikes occurred at the National Silk Hosiery Mills and the Fulton Silk Mills, Indianapolis, Indiana, in May, 1934, involving the question of Union wages.(***)The National Labor Board held a hearing on this dispute on June 22, 1934, after which an amicable settlement was made.

Exemptions

The machine-hour limitation seems to have been the most onerous code provision, sixty-one requests for exemption from this provision having been received. Numerous reasons for exemption were expressed in these petitions, the principal one being that the firm was unable to meet orders already on hand under the restriction of a machine hour limitation. Other reasons for exemption were: an unbalanced plant with some departments unable to keep up with the rest of the plant under the limitation; style changes throwing plant out of balance due to necessity of removing machines from production in order to alter them so as to make new styles; and increased overhead due to operating the plant equipment a shorter length of time. Forty-three of these petitions were filed before the effective date of the Code, Code approval effectually killing them.

(*) News Releases Nos. 3200 and 8268, NRA Publications Library.
(**) News Releases Nos. 4547 (April 21, 1934) and 5662 (June 9, 1934), NRA Publications Library.
(***)News Release No. 5963, June 22, 1934, NRA Publications Library.

The following table shows action taken by both the Code Authority and the NRA on the other cases:

TABLE III

ACTION ON REQUESTS FOR MACHINE HOUR EXEMPTIONS

Code Authority Action			N.R.A. Action		
Recommended Granting	Denied or Recommended Denial	No Action	Granted	Denied	No Action
1	19	6	1	3	10

Source: Dillingham, W. H., "Code Administration Study of the Hosiery Industry. NRA Hosiery Code File.

Many of these exemptions were denied by the Code Authority without reference to the National Recovery Administration. Some of the exemption shown in the "No Action" column of the NRA were referred to the Code Authority and presumably denied by that body.

However, in spite of this fact, there appears to be a surprisingly large number of cases in which no action was taken either by the National Recovery Administration or by the Code Authority.

General Attitude of the Code Authority

It is the opinion of N.R.A. employees (*) who were connected with the administration of the code, that Hosiery Code Authority was one of the most efficient, and was entitled to rank high in the scale of code authorities.

It was extremely active, agressive and forceful, and made every effort to obtain compliance with the code. Its efforts in this direction were highly successful.

(*) James C. Worthy, former NRA Assistant Deputy Administrator, stated to the author on November 18, 1935, that he believed the Hosiery Code Authority to have been the most efficient of all the Textile and Apparel Code Authorities.

The trade association had long been active in industrial planning, and its activities were carried on under the Code Authority.

The minutes of the Code Authority meetings show there were but three split votes during the sixteen meetings. At each meeting an average of fifty items of business was transacted, but no discussions were recorded in the minutes.

The general attitude of the Code Authority was for production control through industrial self-government under approval of the National Recovery Administration. It appears that important questions were considered in advance of meetings and that approval of these decisions was perfunctory and merely a legal formality.

Collection and Dissemination of Statistics

The need for adequate factual data in the Industry was recognized by Dr. George W. Taylor, who wrote: (*)

> "The most pressing need of the full-fashioned industry is the development of a means of clearing vital facts."

According to Article VII of the Code, the collection and publication of statistical data was to be performed by the trade association. The results in this connection were exceptionally good. The first "Statistical Bulletin" was issued in June, 1934, and contained statistics on production, shipment, stocks, and number of wage earners, from November 1933, through April 1934.

The trade association carried on this activity after the death of the Code Authority.

In addition to the publication of periodical data, the Code Authority sent out and tabulated the returns from many special questionnaires. It cooperated in (*) the publication of the machinery data so gathered in book form by George W. Taylor and G. Allen Dash, Jr., "The Knitting Equipment of the Seamless Hosiery Industry", January 1, 1934. It is hoped that similar data will shortly be available on the Full Fashioned Branch of the Industry.

(*) Taylor, George W., Textile World, June 1931, p. 32. (McGraw-Hill Publishing Company, New York)

(**) See Preface ibid.
Also see expense item $1,383.53, "The Knitting Equipment of the Seamless Hosiery Industry"; Ernst and Ernst, Audit Report of Code Authority, p 8.

The Code Authorities, published statistics relative to labor data were not as complete as those published relative to other matters.

Code Authority Interpretations

The Code Authority was extremely active in interpreting code provisions. This activity was such as to bring criticism by the Legal Division of the National Recovery Administration.(*)

Under the head of "Official Interpretations and Rulings", the Code Authority issued a bulletin on October 19, 1933, interpreting and defining nearly every provision of the Code. This practice was general, especially with reference to labor provisions, since from Article IX, Section 3, it might be interpreted to mean that the Code Authority had such right. This Section stated:

"* * * duty of the Code Authority to:

"(a) Issue and distribute to all persons in the Industry, from time to time, such posters or notices, as in its judgment, shall be displayed in the plants of the Industry**

"(b) Review all questions or disputes arising under this Code. It shall have the power, subject to the approval of the Administrator to dispose of such issues directly, or by such means or media as it may designate or set up for the purpose".

This assumption of power by the Code Authority in the early days of code administration was a natural outgrowth of the development of industrial government. Labor, as technique and procedure became more crystallized, all proposed interpretations were reviewed by the National Recovery Administration, and their implications and probable effects were carefully studied before approval.

ADMINISTRATION OF THE CODE BY NRA

Development of Codal Administration

The hosiery industry, along with many other apparel industries, was quick to recognize the value of industrial self-government. Their code, therefore, was one of the first, being the sixteenth code approved. The code was signed by the President on August 26, 1933. The Industry had a temporary labor agreement as early as July 26, 1933.

It is only natural that the administration of the Code by the National Recovery Administration passed through several evolutionary stages. At first, the technique was informal and of an experimental nature. In those days, Deputy Administrators had large powers. Later,

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(*) Memorandum dated August 6, 1934, from Legal Advisor. (NRA Files, Hosiery Code)

after the development of policy and a more detailed procedure, the Deputy was shorn of some of his power, and forced to obtain reports from the several advisory boards and the Research and Planning and the Legal Divisions, the whole matter being finally subject to review by the Review Division, which required justification for any actions contrary to policy or contrary to opinion of a large number of the Boards. This procedure had one severe drawback, - so much routine was involved that considerable time was necessary to get anything done. Often it took several months to obtain a final decision on proposed amendments.

The administration of the code by the National Recovery Administration could have been much improved. In particular there were too frequent changes of persons individually responsible for the handling of the Code in the National Recovery Administration offices. The Code was submitted in July 1933, and was approved August 26, 1933. The records show that from the submission date to May 27, 1935, there were five different Division Administrators, seven Deputy Administrators, four Assistant Deputy Administrators and four Aides who handled this Code. The many changes annoyed the Code Authority and members of the Industry. Such complaints were voiced personally and by letters contained in the Deputy's files. The objections were to the effect that the frequent changes, especially of the Assistant Deputy Administrators and Aides, required time for the new men to become familiar with the industry's problems and that the new men were unfamiliar with the operations of the administrative agencies. It also appears that frequently Aides acted the part of Assistant Deputies, causing confusion.

CHAPTER V

MAJOR PROBLEMS

PRODUCTION CONTROL & PRICES

PRODUCTION CONTROL BY MACHINE HOUR LIMITATION

As early as 1929, it was recognized that the industry was over capacitated, George W. Taylor in his "Significant Post-War Changes in the Full Fashioned Hosiery Industry" having stated, "Apparently it (the full-fashioned industry) too is developing its share of over equipment." Recognizing the tendency of women's full-fashioned hosiery mills to produce for stock, the National Association of Hosiery and Underwear Manufacturers, recommending that manufacturers produce to order only during the dull months of July and August.(*)

Therefore, in presenting their Code, the industry urged upon the administration the advisability of the inclusion of some form of shift limitation. Accordingly Article IV, Section 6 and 7 of the code provided that productive operations of a plant should not exceed two shifts of forty hours each.

Admitting that the limitations on production contained in their code had not curtailed production nor stocks in a letter to General Hugh S. Johnson on June 23, 1934, the Executive Director of the Code Authority stated:

> "The Hosiery Code limits productive operations to two shifts of forty (40) hours each per week. When the Code was drafted it was calculated that such restriction would impose at least a twenty-seven per cent(27%) reduction in production. Such reduction is highly needed in the industry because it is extremely overcapacitated and there exists a wide gap between its production on the one hand and the expectable demand on the other.
>
> "The restriction sought by the present code provisions has been defeated to a great extent by the following developments:
>
> 1. Much equipment which was formerly operated on a one-shift basis has been converted to two-shift operations. This has spread employment but at the price of defeating the object of restricting production.
>
> 2. Equipment which was idle or in storage has been put into production.
>
> 3. New equipment has been installed."

(*) "Textile World", June, 1931.

An examination of the graph of stocks on hand and of the data in Table XL confirms the fact that the machine hour limitations were of slight if any benefit in reducing manufacturers stocks on hand.

LIMITATIONS ON FOOTERS

The industry, however, was faced with a peculiar situation in machine hour limitations in the full fashioned branch, since one footing machine can amply produce enough to keep three leggers busy, with a declining ration of leggers to footers in the industry (*) there had grown up a practice among some manufacturers of operating leggers on two shifts.

It was believed to be necessary to place further restrictions on the footer-machine operation in order to restrict production. This situation is described in the report of the Deputy Administrator to General Johnson in submitting the proposed code on August 25, 1933 as follows:

> "About thirty-five per cent (35%) of the footing machine equipment of the industry is so balanced with complementary legging machines as to permit the former to operate on two shifts. However, but ten per cent (10%) of the footing machines are normally operated on two shifts. Hitherto it has not been deemed practicable to operate footers on two shifts, although the possibility of so doing would be increased enormously on a forty (40) hour schedule per shift. This is true because girls are employed as toppers and already existing restrictions on their hours of work have made two shifts impractical. Industry conferences brought out the fact that an undue hardship would fall upon many small concerns should single-shift operation of the footing machines be made mandatory. On the other hand, to allow double-shift operation of footers on the forty (40) hour week basis would immediately result in the adoption of this method of operation by thirty-five per cent (35%) of the industry. In addition, other manufacturers could and would place themselves on the double-shift basis in order to decrease unit costs of production. This they could do by changing the balance of their equipment through the addition of new legging machines. To insist upon single-shift footer operation would prove unduly burdensome to mills operating

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(*) "Significant Post-War Changes in the Full Fashioned Hosiery Industry" - by George W. Taylor, Page 71. (McGraw-Hill Publishing Company, New York)

> a minority of the equipment of the industry but representing a large number of plants. To allow double-shift operation of footers would be to offer an inducement to manufacturers to over-equip the industry and to overproduce beyond any expected requirements for hosiery."

The section that was finally contained in the code, therefore, represents a compromise between the demands of these conflicting interests the mills operating one shift and the two shift mills. That this was only a makeshift experimental provision in evidenced by other portions of this provision, namely, limiting it to only six months, and providing for Code Authority study and recommendations as to a permanent policy. In recommending the approval of this section, the Deputy in his report states:

> "Briefly, it was unanimously agreed that, for a period of six (6) months following the date on which the Code becomes effective, footing machines that were being operated on double shift on July 24, 1933, may continue on this basis, but that the length of each shift shall not exceed thirty-five (35) hours per week. The rates to be paid to operators of these machines will provide them earnings equivalent to what they would receive if working on forty (40) hour shift. Footing machines that were being operated on a single shift basis, prior to July 24, 1933, are to continue on that basis with forty (40) hours per shift. At the expiration of the six (6) months, trial period, the Code Authority is to submit for the approval of the Administrator a recommendation for determining a more permanent policy respecting footer operation.
>
> "The above arrangement insures that there will be no immediate and undue increase in productive capacity as a result of increasing the number of shifts being operated by footing machines. In addition, the increase of the labor cost of operating footers on two shifts eliminates any urge for manufacturers so to operate their equipment unless this is absolutely necessary to meet normal requirements. Through the operation of the terms of the provision just discussed, the manufacturing cost by means of single and double footer shift operation is virtually identical."

This section brought about considerable dissatisfaction. At the public hearing of September 27, the opposition of numerous hosiery manufacturers to Article 4 of Section 7, which compels mills operating footers on double-shift basis to reduce working hours to two 35-hour shifts and pay footers on a 40-hour basis, was led by Stanton D. Sanson, who asked that the clause be eliminated from the code because it would raise

production costs to a prohibitive point. Mr. Sanson submitted a certified statement by accountants showing that, in his mill, the operations under the clause increased production costs by $58,515.05 annually. Mr. Sanson emphasized mainly the claim that the clause gave competing manufacturers an unfair advantage, and other witnesses testified to the same effect.

As a result of the study of this problem the Production Control Committee of the Code Authority recommended the revision of this section. Accordingly, this section was revised by Amendment No. 1 approved by Administrative Order on February 2, 1934, to read:

> "Members of the Industry may operate their full-fashioned footing equipment either on a one-shift or a two-shift basis. If a member of the Industry operates on a one-shift basis, the length of such shift shall not exceed forty (40) hours in any one week, and if he operates such equipment on a two-shift basis, the length of each shift shall not exceed thirty-six (36) hours in any one week. In the latter event, the rates paid to knitters, knitting helpers, and toppers working on such thirty-six (36) hour shifts shall be such as to provide them earnings equal to those which they would receive if they were working on a forty (40) hour shift."

The result of this amendment was that nearly all of the footing equipment in the industry was immediately placed upon two shift operation resulting in a greatly increased productive capacity. This in spite of the higher labor cost required.

Consequently the amendment resulting in no actual restriction on production.

FIVE WEEK CURTAILMENT

In order to "beat the gun" before the codes with their anticipated higher labor costs became effective many manufacturers stepped up production.

This was in turn partly compensated for by increased buying and increased shipment as seen on Chart I during the months of May and June. In spite of the fact that the net result of the action of these forces was a reduction in stocks on hand in the mills resulting in new lows for July and September 1933, the general feeling of the Code Authority and throughout the industry was that there were large accumulations of unsold goods on the shelves of wholesalers, retailers and other distributors and that further overproduction resulting in greater stocks on hand was imminent. Representatives of the Code Authority pointed out at the public hearing of December 11, 1933, that production had been abnormal in 1933, that usually May, June and July were slack months but that this

year they were periods of intense activity. They urged upon the National Recovery Administration a further curtailment of machine hours.

In order to fortify their views and ascertain the sentiment throughout the Industry regarding a temporary curtailment the Code Authority on November 28, 1933, sent out a questionnaire to all members of the industry. Replies to this questionnaire were received from 440 of the 800 plants in the Industry.

The results of this questionnaire showed that opinion in the industry was divided on this problem of curtailment. About 60 per cent of those replying were in favor of curtailment and 40 per cent against. On the basis of productive capacity 67 per cent favored curtailment and 33 per cent were opposed. It was the larger concerns in the industry, therefore, that were in favor of curtailment. The following table shows the results of the replies in the two main branches of the Industry.

TABLE LIII

QUESTIONNAIRE REPLIES ON THE QUESTION OF CURTAILMENT

Full Fashioned	No. Replies	Per cent of Usable Replies of Designated Brands	Per cent of Production Capacity Represented
Favored curtailment	125	60	67
Against curtailment	84	40	33
Unclassifiable	23	-	-
Seamless			
Favored curtailment	146	60	67
Against curtailment	79	40	33
Unclassifiable	22	-	-

Source: Transcript Public Hearing, December 11, 1933, pages 12, 13. NRA Files.

Since a large variety of goods are made in the seamless branch of the industry the replies for this branch were classified by type of product produced. This data is shown in the following table:

TABLE LIV

DISTRIBUTION OF QUESTIONNAIRE REPLIES ON CURTAILMENT

IN THE SEAMLESS BRANCH OF

THE INDUSTRY BY TYPE OF PRODUCT MANUFACTURED

Branch of the Industry	Favored Curtailment		Against Curtailment	
	No. of Replies	Per cent of replies of Desig.Branch	No. of Replies	Per Cent of replies of Desig. Branch
Womens	58	67	29	33
Men's Half Hose	87	71	36	29
Ribbed Goods	26	60	17	40
Anklets	36	51	35	49
Golf Hose	17	30	39	70
Infants' Goods	10	29	24	71
Bundle Goods	5	45	6	55
Over Woolens	6	100	-	-
Total Seamless	245	57	186	43

Source: Transcript Public hearing, December 11, 1933 - page 16,. NRA files

It is seen from this table that although in general seamless manufacturers were in favor of curtailment, the makers of both infants' goods and golf hose were opposed to it by a vote of over two to one. Representatives of the Code Authority explained at the public hearing that infants' goods were not staples, that they are mainly new designs and new colors, therefore, it was impossible for manufacturers to build up stocks, and that such goods were generally for spring delivery.

Manufacturers of ingrain hosiery, wool bundle goods, and small manufacturers objected to the proposed curtailment, claiming that the curtailment would increase overhead costs of goods now being processed, that it

would work a hardship on the small mills with limited capital, that it would curtail earnings of workers, that inadequate statistical data on stocks on hand by retailers, wholesalers and consumers were available, and finally that many mills had booked orders sufficient to operate at capacity throughout this period.

There were two ways in which production could be curtailed.

1. To maintain an eight hour day, but to reduce the number of days worked per week.

2. To shorten the number of working hours in each of the five days.

There were advantages and disadvantages to both of these methods; one group claimed that to concentrate knitting in 3 full length days leaving two days in which to overhaul machinery was the more economical method of operation. Other manufacturers claimed that it was better to run machines every day, since yarns tend to become stiff if the plants are shut down completed for three days.

The following table indicates the industry's views as to the best method of curtailment.

TABLE LV

QUESTIONNAIRE REPLIES ON TYPE OF CURTAILMENT

	Number Replies	Per Cent Favorable Replies	Per Cent of Production Capacity
Full fashioned			
Favored reduction in the number of working days	66	53	58
Favored shortening of the length of the work day	59	47	42
Seamless			
Favored reduction in the number of working days	113	77	83
Favored shortening of the length of the working day	33	23	17
Total for the Entire Industry			
Favored reduction in the number of working days	179	66	73
Favored shortening of the length of the work day	92	34	27

Source: Transcript Public Hearing, December 11, 1933, page 15.
NRA files.

Among the members of the full fashioned branch sentiment was about equally divided between the two methods, however, the larger mills favored a shortening of the work week.

In the seamless branch the manufacturers both in number and in volume were over three to one in favor of shortening the work week rather than shortening the length of the working day.

By Administrative Order No. 16-3 signed on December 14, 1933, a five week curtailment period was placed in effect under certain limitations as follows:

"1. Hosiery knitting operations shall be curtailed for the period of five (5) consecutive weeks beginning with the week of Monday, December 18, 1933.

2. The curtailment of knitting operations shall be equivalent to at least a forty per cent (40%) reduction from the maximum weekly shift and machine hours permitted under Article IV, Sections 1, 5, 6, 7, and 8 of the Hosiery Code.

3. The curtailment shall be effected by a reduction of the maximum weekly knitting shift hours from forty (40) hours to twenty-four (24) hours. Such twenty-four (24) hours shifts shall be distributed into three (3) days a week of eight (8) hours each, such days to be Wednesday, Thursday and Friday. Where the Code provides for maximum weekly shifts of less than forty (40) hours, the curtailment shall reduce such hours by at least forty per cent (40%).

4. A plant may distribute its allowed twenty-four (24) knitting hours a week for each shift in any manner, other than that prescribed in Paragraph 3, provided it does not conduct knitting operations on Saturday, or exceed two shifts of eight (8) hours each day in any one day.

5. A plant which elects to distribute its curtailed weekly knitting hours in a manner other than that prescribed in provision three (3) shall record with the Hosiery Code Authority the specific method of distribution of hours put into effect by it. In all cases where a plant does not file with the Hosiery Code Authority evidence that it is distributing its hours by any method other than that prescribed in paragraph three (3), it shall be deemed to be operating under the method prescribed in paragraph three (3).

6. Every hosiery plant shall post conspicuously in its knitting departments its schedule of knitting hours under the form of curtailment which is in effect in the plant, together with a copy of this Order.

7. No curtailment of knitting operations shall apply to the knitting of infants' goods, in view of the fact that the manufacture of such goods is especially active during the season covered by the proposed period of curtailment.

8. On or before January 17, 1934, the Hosiery Code Authority shall submit to the Administrator a report on the effect of the first four (4) weeks of the curtailment. After consideration of such report, the Administrator may extend the period of curtailment for an additional period of not to exceed three (3) weeks, if, in his judgment, such extension is desirable.

9. Where a plant believes that the immediate circumstances in its case are such that an undue hardship will result to it from the prescribed curtailment, such plant may petition the Code Authority for an exemption therefrom and shall submit to the Code Authority the essential facts and documents, in properly attested form, to support its petition. The Code Authority shall consider and investigate the facts submitted, and shall take appropriate action thereon. Pending disposition of such petition, the plant shall comply with this Order. The petitioner may appeal to the Administrator for the decision of the Code Authority."

Infants' goods were excepted and exemption from the curtailment could be granted where the curtailment worked a hardship. The Code Authority exempted manufacturers of woolen bundle goods except from January first to twentieth, 1934. There were 66 exemptions granted of which only nine were complete exemptions and the majority of the remainder were effective only until December 29, 1933. Many more applications for exemption were received but were denied.

In accordance with action taken at the Code Authority Meeting, January 17, 1934, the Code Authority requested that the curtailment order be not extended because it had accomplished its purpose.

Although it is difficult to judge precisely the effect of this temporary curtailment it is interesting to examine the graph of the stocks on hand for this period. At the end of each of three months

prior to the curtailment, October, November, and December, stocks were 15,443,000, 15,840,000, and 16,994,000, dozens respectively; on January 31, they had increased to 16,563,000, and by February 28, had increased to 17,501,000. The conclusion from the above is obvious, therefore, that the curtailment resulted in no decline in stocks on hand.

The results of this curtailment therefore bring up the question as to whether or not the machine hour limitations in the code had any real effect on roduction of the industry as a whole, and whether or not the industry was not already operating at considerably less than the machine hour limitations placed in its code. This in spite of the fact that curtailment greatly inconvenienced many individual manufacturers and some branches of the industry. The numerous petitions for exemption indicate that this provision was a hardship on some enterprising concerns with large orders but with insufficient equipment to meet their demand under the limitation.

ADDITIONAL CURTAILMENT RECOMMENDED

The Code Authority in 1934 submitted another recommendation for curtailment. At a public hearing on July 9, 1934, such recommendations were thoroughly discussed. The Director of the Code Authority presented the results of a questionnaire sent to members of the industry on the question, but from these results it is difficult to ascertain the sentiment in the Industry. Indications are, however, that a large group of the industry were opposed to curtailment. Directly after the noon recess of the hearing, the Code Authority voluntarily withdrew its recommendations. The vote of the Code Authority on this action was six to three.

PRODUCTION CONTROL BY CAPACITY LIMITATION

Since the inception of the code, a large portion of the members of the industry, the Code Authority, and the Industry's Industrial Adviser, felt that the industry was over-capacitated. This element in the Industry consistently argued that some code provision to prevent or at least to regulate the installation of new equipment was necessary. The Code Authority appointed a special committee to study the problem. The result of the committee's recommendations was the submission of an amendment by the Code Authority providing for the registration of all productive machinery with the Code Authority, and further providing that no new equipment should be installed in the industry without first securing a permit from the Code Authority which would only be issued upon approval of the Code Authority and the National Recovery Administration.

A public hearing was held on this proposed amendment Number 8 to Article IX, Section 3, on July 9, 1934. The advisory boards of the National Recovery Administration, and especially the Research and Planning Division, generally objected to this proposal, stating that such restriction upon new machinery installations would tend toward the creation of a monopoly by those already in business which would be distinctly contrary to provisions of the National Industrial Recovery Act; that it would place a premium upon inefficiency since the tendency would be to spread the available business among those in business; that it would tend to keep in operation obsolete equipment, and that it would discriminate

against small mills. Many members of the industry opposed this amendment with views substantially the same as the above. The proposed amendment was finally withdrawn by the Code Authority.

PRICES

Almost the sole argument of the proponents of the Code in support of their trade practice provisions was directed at just one thing, -- prices.

Their trade practice views are obvious from the following statement by Earl Constantine, the Managing Director of the National Association of Hosiery Manufacturers: (*)

> "Our Industry in the past three years has sold much of its product at or below cost. This has weakened it financially and brought about destructive competition. It is to the public interest, and it is socially desirable, that our goods be not sold below cost and that our manufacturers receive a reasonable return on their investment."

The reasons for these views were that by the early part of 1933, (February, March, April), hosiery prices had declined to 44.1 per cent of their 1929 values. During the code period, numerous attempts were made to bolster up prices, with only temporary effects, rising material and labor costs under the codes being the chief contributions toward better prices.

Price Movements 1926-1933

A composite index of wholesale hosiery prices computed from Bureau of Labor Statistics hosiery indexes and adjusted to a 1929 base equivalent to 100 per cent is shown in the accompanying tables.

(*) Transcript of Hearing, Hosiery Industry, August 10, 1933, p. 31. NRA files.

TABLE LVI

HOSIERY INDUSTRY

PRICES

Index of Hosiery Prices a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan	125.6	113.7	104.9	101.8	97.0	66.8	56.1	44.3	65.9	61.4
Feb	125.5	113.7	104.9	101.8	96.5	66.8	56.1	44.1	63.5	61.4
Mar	125.5	113.7	104.9	101.8	92.5	66.6	54.7	44.1	62.9	59.6
Apr	125.5	113.7	104.9	101.8	93.4	65.5	51.4	44.1	61.2	58.3
May	125.4	113.7	104.9	101.8	92.5	65.5	49.2	44.4	62.9	56.8
Jun	122.7	112.8	104.9	99.5	88.4	63.5	46.9	47.2	58.9	55.4
Jul	122.7	108.8	104.9	99.4	88.1	63.4	45.4	58.1	55.4	56.4
Aug	122.7	110.5	104.9	99.4	83.5	63.4	44.5	68.9	54.9	57.1
Sep	122.7	110.5	104.4	99.2	81.1	63.4	48.4	73.7	55.9	58.9
Oct	122.7	109.7	104.4	97.2	77.6	63.4	49.1	73.1	56.9	
Nov	118.6	109.7	104.4	97.2	74.3	63.3	48.8	69.3	57.1	
Dec	117.9	107.5	104.4	97.0	74.2	63.2	45.1	66.9	58.6	
Average	123.1	111.5	104.7	100.0	86.5	64.6	49.6	56.5	59.5	

SOURCE:

a/ Index computed from B.L.S. hosiery indexes (5 series used except in 1926-1928, and 1931 when women's rayon was omitted.) Weights were determined by importance of the series as seen in 1931 Census; the series were expressed 1931 = 100 prior to computation. The composite index was adjusted 1929 = 100.

Items and Weights for Index of Hosiery Prices a/

	Item	Weight
1.	Men's cotton hose, corded yarn	.07
2.	Women's cotton hose. mercerized yarn	.02
3.	Women's rayon hose	.06
4.	Men's silk hose	.13
5.	Women's silk hose	.72
		1.00

a/ Index computed from B.L.S. hosiery indexes (5 series used except in 1926-1928, and 1931 when women's rayon was omitted.) Weights were determined by importance of the series as seen in 1931 Census; the series were expressed 1931 = 100 prior to computation. The composite index was adjusted 1929 = 100.

From this table it is seen that prior to 1930 hosiery prices although declining slightly, had been relatively stable for several years. Beginning early in 1930 prices began a steady decline, an index based on 1929 equivalent to 100, averaging 86.5 for 1930, 64.6 for 1931 and 49.6 for 1932. In the summer of 1932, there appears to be no doubt but that prices had reached record lows for the post war period. Autumn prices strengthened temporarily, but by April 1933, hosiery prices had reverted to establish a new low point of 44.1 percent of the 1929 level.

Comment in the trade journals throughout this period is interesting. In May 1931 (*) as a result of the declining prices a tendency for the trade to divide into two groups, one buying quality merchandise, and the other buying at the lowest price irrespective of quality, was noted.

By June 1931, such headlines as "Hosiery Given Away!" were appearing. (**)

In a review of conditions in the Industry in 1932, Earl Constantine, Managing Director, National Association of Hosiery and Underwear Manufacturers stated: (***)

> "Last year was not an improvement over the previous year, Shrinkage in volume was small, but shrinkage in unit value was marked. Commodity levels were lower and showed strength during one short period only. Managements were concerned primarily with providing employment; consequently it is not surprising that mills have yielded considerably under the pressure of buyers for lower prices. This condition has compelled wage reductions to a point below what is socially desirable. Buyers should realize that there is a limit below which danger to labor and quality danger to the product....."

In May, 1933, hosiery prices began to strengthen and by June had strengthened considerably. This was due to two factors, one a reflection of price rises in the raw silk market, and two, increased demand in anticipation of higher costs under the impending codes.

Then came the Code. A temporary wage and hour agreement was put into effect in July, and the full code went into effect early in September 1933. Exceedingly sharp price rises occured during this period, rising over 56 per cent, the index for September being at 73.7 per cent of the 1929 level.

(*) Textile World May 1931, Page 60. (Mc-Graw - Hill Publishing Co. N.Y.

(**) Textile World June 1931, Page 18. (Mc-Graw Hill Publishing Co. N.Y.)

(***) Textile World January 1933, Page 40.(McGraw-Hill Publishing Co. N.Y.

Indications are that this boosting of prices at this time was too great, prices beginning to decline in October. These prices, however, were considerably better than before the Code, well over fifty per-cent higher than the 1933 lows.

In this connection the spread between raw material prices and the wholesale prices of hosiery has been very much greater since the effective date of the Code reflecting the greater labor cost under code conditions.

PRICE FIXING

By April 1934, the index had declined to 81.2 and one leading company has considerably upset the market by quoting $5.00 per dozen for 42 guage full fashioned numbers.

At a Code Authority meeting on April 22, 1934, the Executive Director read a unanimous resolution of the entire Full Fashioned Hosiery Association demanding minimum prices, for key constructions and suggesting appropriate prices, threatening that if the Code Authority did not take such action the Association would close its plants. After considerably discussion it was agreed that an announcement of policy would be made the following day.

At a conference of the Industry held in Philadelphia, on April 23, 1934, at the Bellevue-Stratford Hotel, Earl Constantine, Managing Director for the Code Authority, announced that the Code Authority had set $5.75 per dozen f.o.b. mill as a minimum selling price for four or seven thread 42 gauge women's full fashioned hosiery, packed in quarter-dozen boxes.

It was stated that any manufacturer selling below this price would be presumed to be selling below cost unless definite proof to the contrary could be shown upon his citation, to appear before the Code Authority, and if, in the judgment of the Authority, any price is not in conformity with this principle, immediate investigation would be undertaken, the burden of proof in each instance resting upon the manufacturer. This price fixing action was thoroughly published in the textile trade journals.

In support of this policy the Code Authority called attention to the NRA Office Memorandum of February 3, 1934, claiming this memorandum gave them such power.

This memorandum merely stated that a standard provision for codes relating to limitation of prices had been approved and that this provision should be recommended to industries as desirable in new codes, or as a substitute in any approved code if the industry so desired.

The suggested provision stated:

"When the Code Authority determines that an emergency exists in this industry and that the cause thereof is destructive price-cutting such as to render ineffective or seriously endanger the maintenance of the provisions of this Code, the Code Authority may cause to be determined the lowest reasonable cost of the products

of this industry, such determination to be subject to such notice and hearing as the Administrator may require. The Administrator may approve, disapprove, or modify the determination. Thereafter, during the period of the emergency, it shall be an unfair trade practice for any member of the Industry to sell or offer to sell any products of the industry for which the lowest reasonable cost has been determined at such prices or upon such terms or conditions of sale that the buyer will pay less therefor than the lowest reasonable cost of such products.

"When it appears that conditions have changed, the Code Authority upon its own initiative or upon the request of any interested party, shall cause the determination to be reviewed."

Consequently, under date of May 2, 1934, the Assistant Deputy Administrator handling the Code wrote a letter to the Administration Member of the Code Authority, Dr. Taylor, cautioning against any such promulgation. He suggested at that time that the Code Authority make application for an amendment to the Code with an emergency lowest reasonable cost provision. Reasons why the Code Authority offices in New York were not so advised directly, instead of through the roundabout and time consuming route of an Administration Member located in Philadelphia, are not known.

This proposed amendment brought forth a flood of protests, principally from wholesalers. Indications are that these protests were chiefly inspired by a circular letter issued by Mr. Flint Garrison of the Wholesale Dry Goods Institute. It appears that the wholesalers objected to a fixed minimum price, in case of an emergency, unless said price established a wholesale differential making prices to retailers slightly higher than those to wholesalers.

By Amendment No. 3 approved by Administrative Order No. 16-14, dated June 7, 1934, the Code was modified to allow the Code Authority to determine when an emergency exists, and to cause to be determined the lowest reasonable cost, and after approval by the Administrator, during the emergency, sales below this lowest reasonable cost would be an unfair practice. This provision, however, was never invoked.

This announcement of a fixed price had a beneficial psychological effect; it strengthened the tone of hosiery prices somewhat, the price index rising to 60.9 for May 1934. However, after this month prices again declined and remained lower throughout the remainder of the year.

LOWEST REASONABLE COST

The next point of attack by the Code Authority in their efforts to bolster up prices was by means of a mandatory cost accounting system. By Administrative Order No. 16-13, approved on May 10, 1934, a mandatory cost accounting system with principles and methods of determining cost under Article VIII, Section 4, was provided for a trial period of ninety days.

All indications are to the effect that efforts to raise prices by this method were of no avail. It is believed that the Code Authority decided that such enforcement would be difficult, and used their cost manual mainly for educational purposes.

PRICE GUARANTEES

Fair trade practices are difficult to define in any open and freely competitive market. Methods and practices that may be considered unfair by one manufacturer may be considered perfectly ethical by another.

In spite of strenuous efforts of the National Association of Hosiery Manufacturers, to maintain standards of ethical business practice, prior to the code, the Industry was considerably disorganized.

This disorganization was particularly clear in regard to prices, and price competition through the granting of special terms and discounts. This condition was amplified and encouraged by strong economic pressure from buyers. Oftentimes the seller was a party to price reductions to meet lower prices fictitiously quoted by a buyer from unnamed sources.

In a declining price market such as confronted the hosiery industry during the depression, great pressure was placed on the manufacturers by buyers for lower prices. Some concessions on the part of the manufacturers were granted to obtain orders so as to keep their mills running and thereby cut their own overhead to the barest minimum. Some of these concessions were such that many manufacturers thought that they bordered on unfairness. One of these practices was that of guaranteeing prices against decline. The large well financed concerns protected themselves when engaged in this practice by hedging in the future's raw material markets. This practice of course could not be indulged in by the small concerns with limited capital.

To cope with this practice, the Code, under Section 2 of Article VIII, prohibited price guarantees. Apparently means of evading this Section developed, for an interpretation of this Section was issued by the Code Authority on October 19, 1933. (*) The Fair Trade Practice Committee of the Code Authority suggested an additional interpretation on January 17, 1934, as follows: (**)

"To guarantee prices against decline is an unfair trade practice.

"To guarantee prices against decline is prohibited. This means that the prices in the original contract stand regardless of any fluctuations in the market between then and the time the order is delivered or invoiced.

(*) Minutes of Code Authority Meeting, Hosiery Industry, October 17,1933. (NRA Files, Hosiery Code, Code Authority Meetings Folder)

(**) This interpretation never received the approval of the National Recovery Administration. NRA files.

"To change the prices of a previous contract to lower current prices, or to cancel an existing order at a specified prices and accept a new order at lower prices as a substitution, is in effect a guarantee against decline of prices and is, therefore a violation of the Code.

"Orders should not be taken or contracts entered which provide 'price guaranteed up to date of delivery'."

All indications are that this provision was extremely difficult to enforce. The Executive Director of the Code Authority admitted in the public hearing of July 9, 1934, that a few manufacturers were "substituting for one contract a given bill of goods at one price, another contract to cover the same order of goods at a changed or lowered price". (*) This practice defeated the guarantee against price decline section of the fair trade practice provisions, since it in effect guaranteed against price declines.

RAW MATERIAL PRICES

The following table shows an index of hosiery raw material prices, 1929 equivalent to 100.

TABLE LVII

INDEX OF HOSIERY RAW MATERIAL PRICES

Index of Prices of Textile Hosiery Materials (1929=100) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Jan	132.9	106.9	100.4	104.1	93.1	64.8	47.2	41.3	50.3	48.3
Feb	130.7	103.4	100.2	103.9	94.3	63.0	48.5	38.4	50.9	47.3
Mar	126.9	109.3	102.5	102.6	91.2	60.4	45.8	37.7	50.6	47.4
Apr	120.2	105.8	101.2	102.4	91.3	59.2	44.5	36.4	48.9	46.1
May	115.6	108.4	104.9	102.4	88.0	57.0	43.1	43.1	46.0	46.4
Jun	115.6	108.3	99.3	98.0	82.8	55.7	40.4	45.2	44.8	45.7
Jul	114.6	105.0	100.7	98.1	76.1	59.8	36.6	54.7	44.1	46.1
Aug	113.2	103.2	99.3	98.4	69.5	58.8	39.9	59.1	45.9	
Sept	114.0	107.5	100.5	99.5	69.5	58.4	47.5	58.1	45.0	
Oct	116.8	105.3	104.3	98.8	62.5	53.2	42.3	55.5	45.5	
Nov	109.7	102.3	104.9	96.3	64.8	53.5	43.5	52.5	445.2	
Dec	105.5	100.1	104.8	94.5	61.2	52.9	41.3	48.8	46.1	
Average	118.0	105.5	101.9	100.0	78.7	58.1	43.4	47.7	46.9	

Items and Weights for Index of Price of Textile Materials

Item	Weight
Cotton yarn, mercerized cones (combed ungassed) 60-S-2	.19
Cotton yarn, hosiery cones (frame spun) 10S	.07
Domestic rayon, Viscose process, 150 dernier; 24-50 filaments	.13
Silk yarn, hosiery tramn, 5 thread, crack xx-78/	.36
Raw silk (prices nominal) crack xx-78/ 13/15	.25

(*) Transcript of Hearing, Hosiery Industry, July 9, 1934. pp. 160 - 161, Earl Constantine. N.R.A. files.

a/ Original price series from Textile World. Weights were assigned in proportion to the importance of the series as determined from the 1929 Census of Manufactures; these were applied to the various series expressed 1929--100.

It is seen that prices continually declined until April 1933 at which time the index was at 36.4 percent of the 1929 level. After this month they increased sharply during the period of code adoption, the index rising to 59.1 in August, an increase of over 60 percent above the April 102. Prices weakened perceptibly the winter of 1933 and continued to decline through 1934. Considerable strengthening of prices occurred in 1935 largely due to rising raw silk prices, which have advanced over 50 percent since September 1934.

The accompanying chart clearly indicates the relationship between raw material prices and the price of finished hosiery. Every sizeable move in raw material prices results in a similar move somewhat later in the price of the finished product. The only times this does not appear to have happended are in the years, 1931 and 1932, when the trend of prices was continually downward. During this time rises in silk oftentimes merely served to check the downward movement of hosiery prices.

Strikingly shown by this chart is the spread between raw silk and finished goods prices, this spread being considerably greater since the adoption of a code in September 1933, with the higher labor costs resulting therefrom.

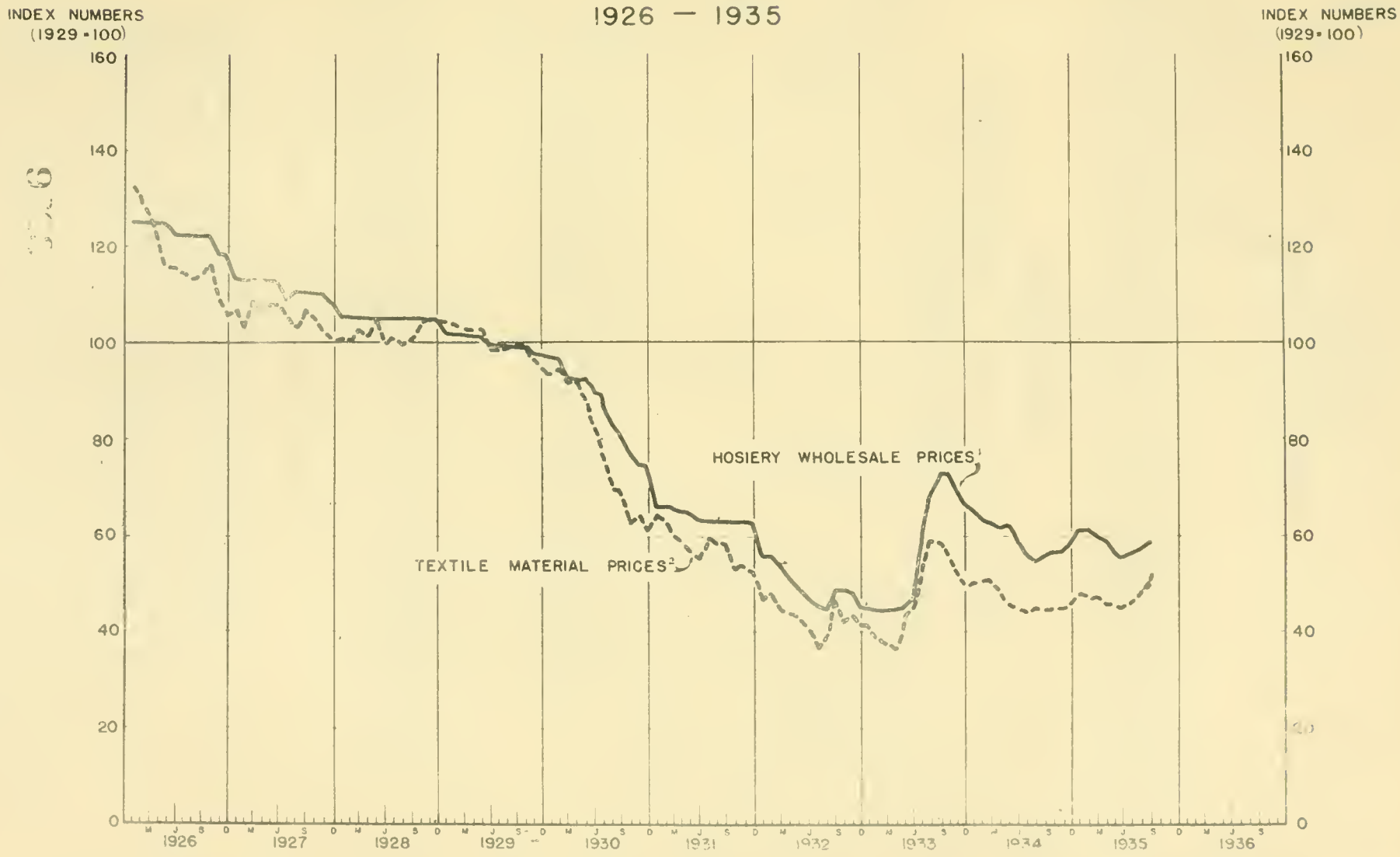
Homework

The homework problem in this Industry was of no serious consequence prior to the Code only a few companies employing homeworkers to embroider clocks upon men's socks. Article VI, Section 1, of the Code prohibited the practice of giving out work to be done in homes. Exemptions in special cases were granted by the Code Authority under a set form of procedure which the authorized by this section.

HOSIERY INDUSTRY

HOSIERY WHOLESALE PRICES AND TEXTILE MATERIAL PRICES

1926 — 1935



SOURCE: [1] N R A COMPOSITE OF 5 SERIES FROM THE BUREAU OF LABOR STATISTICS.

[2] N.R.A. COMPOSITE OF 5 SERIES FROM THE "TEXTILE WORLD"

N R A
DIVISION OF REVIEW
STATISTICS SECTION

CHAPTER VI

EFFECTS OF THE CODE

General Effects of the Code

The Code undoubtedly was a great benefit to labor in increasing employment, raising wages and shortening of the work week. These facts are readily seen from the following comparisons of pre-code and code years.

TABLE LVIII
HOSIERY INDUSTRY

AVERAGE EMPLOYMENT, AVERAGE HOURS PER WEEK, AVERAGE HOURLY WAGE RATE, AND AVERAGE WEEKLY EARNINGS, 1932-1934

Year	Employment Index Av.	% Change 1932-34	Hours per Week Av.	% Change 1932-34	Hourly Wage Rate Av.	% Change 1932-34	Weekly Earnings Av.	% Change 1932-34
1932	85.2		42.6		34.1		$ 17.63	
1934	96.6	+13.4	33.5	-27.2	48.5	-42.2	16.11	- 18.2

Source: Unpublished Hosiery breakdown of the Bureau of Labor Statistics "Knit Goods" group, covering approximately 70 per cent of the wage earners and 45 per cent of the firms. Prepared by the Bureau of Labor Statistics for the N. R. A.

In some instances the labor benefits were considerably greater, evidence on record shows $5.00 per week wages being paid prior to the N. R. A., (*) these employees, therefore, received considerably more than 100 per cent wage increases.

In the language of Earl Constantine:(**)

"1. The Code has checked and corrected the undesirable low wages which have developed in some branches of the Industry as a result of lowered demand and increased competition. In the long run such low wages were not only unsocial but would have produced unfortunate strife within the industry.

"2. The Code has checked the tendency to long hours

(*) Transcript Public Hearing, August 10, 1933 -page 18. NRA files.

(**) Bulletin to Members of the Industry, April 3, 1935. NRA files

and unduly long weeks.

"3. To an industry as highly over-capacitated as ours and therefore subject to extreme pressure from the buyer, the Code has brought the invaluable provision of restricting productive operations to two shifts only. Without such restrictions much of the industry would immediately put on a "graveyard" shift, there would be a wild rush to produce, and the result of all this would be ruinous prices and wide-spread bankruptcy.

"4. The Code has furnished the industry with proper marking of goods, and contributed materially to improved merchandising."

Further evaluating Code benefits in a letter dated May 24, 1934 to the National Recovery Administration Division Administrator, this official stated:

"SPREAD OF EMPLOYMENT

"Our statistics indicate that employment in our industry has increased by 22% as the result of Code provisions.

"INCREASED WAGE EARNINGS

"Total wages paid to workers in our industry, comparing the last six months of 1933 with the same period of 1932, show an increase of 27%. This increase is partly due to the larger number of workers employed, but in greater degree to the minimum wage provisions of the Code.

"CONDITIONS OF INDUSTRY

"July-December 1933 - By virtue of unusual buying which started when NRA seemed a probability as early as May, 1933, and also by virtue of increased buying power resulting from AAA, CWA, PWA and other governmental expenditures, the volume of business during this period was exceptionally good, and generally speaking, prices fair. This, no doubt, was reflected in operating statements for the year 1933, and will show generally a strong improvement over 1932.

"January-May 1934 - Business has been distinctly unfavorable in this period due to the following causes:

"3. Production restriction in Code theoretically reduced from 27% to as high as 50%.

> Actually certain provisions of the Code have been defeated by the manufacturers' increasing equipment to offset limited machine hours, and by their placing much equipment on two shift basis which formerly was on one shift.
>
> "4. The condition of over-production continues to give us keenest price competition of a charar-ter which makes ineffective that provision of our Code which prohibits the sale of a product below the manufacturers' individual courage, rather than encourage buying."

Effect of Code Abolition

The minimum wage structure except for a few isolated cases has been maintained by the hosiery industry after the abolition of its code, according to a "Daily News Record" (9/24/35) quotation of Earl Constantine who said:

> "The eight-hour day, the 40 hour weekly shift, and the five-day week are almost universally in effect. Occasionally during the seasons of heavy demand a few mills will extend the hours in their finishing departments to something over eight hours, but this is offset by the shorter hours which these departments operate during the off-season. We have not heard of a single case where the five-day week has been abandoned.
>
> "It is safe to say that the piece rates prevailing in the industry last spring are still in effect. In a few isolated cases there have been some insignificant changes. The minimum wage structure continues. * * * * *
>
> "In scattered and isolated cases workers are paid only their piece rate earnings.* * * * * I think it is safe to say that in at least 90 per cent of plants of the industry operations are voluntarily continuing in a manner no different than they were under the code. Deviations therefrom, usually temporay in nature and resulting from emergencies, have occurred in a surprisingly few plants.
>
> "The situation I have described is one which is very gratifying, both to our managements and our workers. It would only disappoint those who might be interested in seeing a return of some form of regimentation of industry by Government."

The above statement was issued after consultation with Taylor R. Durham of the Southern Hosiery Association. This statement appears to be substantially correct as shown by an examination of the average hourly wage and average weekly wage in Tables XXVIII and XXX for June, July,

and August of 1935.

However, the American Federation of Hosiery Workers reported to the National Recovery Administration about 50 cases of violations of former code provisions, showing a possible beginning of a breakdown in observing the provisions of the Code.

It is likely that these wage and hour violations are of insufficient volume to affect the Bureau of Labor indexes. Another possible reason for lack of any indication of lowering of labor standards is that the Bureau of Labor Statistics indexes are based on a sample of the industry and its sample probably is made up of the larger and more responsible concerns, who have not as yet resorted to wage cutting.

The removal of the limitation on machine operation has resulted in gradually climbing stocks on hand, as seen from Table XLI.

As of September 1935 indications were that the Hosiery Industry was in a strong position largely due to rising raw material prices; according to the Daily News Record, (September 17, 1935, and September 27, 1935) mills had orders on hand to run full time for two months, the full-fashioned mills being the busiest, with the southern mills nearing the sold-up stage.

Post-Code Trade Association Activities

After the Supreme Court decision in the Schechter Case, the National Association of Hosiery Manufacturers made strenuous efforts to have the Industry sign a voluntary agreement to abide by the Code provisions. The principle behind this agreement was that the trade association would give full publicity to all violations of the agreement, such signers waiving their right to sue the trade association for libel for such publicity.

Up until September 1935, in this effort, the Association was only partially successful, only the wool branch of the industry endorsing it with a sufficient percentage to obtain Federal Trade Commission endorsement.

However, in spite of failure to sign an agreement, the industry is largely maintaining the code conditions, according to the Managing Director, Earl Constantine, (*) of the National Association of Hosiery Manufacturers, largely through fear that if one starts chiseling the practice will spread like wildfire throughout the Industry.

No voluntary trade practice code has been approved by the Federal Trade Commission since the Schechter Decision(**)

(*) Personal interview, October, 1935.

(**) Statement of Mr. George McCorkle, Director of Trade Practice Conferences, Federal Trade Commission (3/19/36)

PART C.

THE UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

By
Frank Pouder

CHAPTER I

INTRODUCTION

DEFINITION OF INDUSTRY, ITS PRODUCTS, AND PROCESSES

DEFINITION OF INDUSTRY

The Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry defined the Industry

"....to mean the manufacture of - -

(a) Knitted, woven, and all other types of underwear manufactured from all types of materials with the exceptions of women's undergarments (other than so-called athletic type), pajamas, and negligees made from woven fabrics of silk, rayon, cotton or flannelette, or of any combination thereof, and also excepting women's children's and infants' lingerie undergarment manufactured in the Philippines or Puerto Rico from woven fabrics;

(b) Garments made in underwear mills from fabric made on underwear machines, excepting, however, the cutting and fabrication of shirts other than undershirts, provided, however, that the manufacture of fleece lined sweat shirts and other garments of like nature are not included in this exception:

(c) Any and all fabrics sold or used mainly for underwear purposes made on flat or warp or circular knitting machines;

(d) Knitted elastic fabrics;

(e) Knitted tubing for meat bagging;

(f) Knitted work glove fabrics;

(g) Knitted fabrics made for leggings; and

(h) Knitted wash cloths;

(1) Provided, however, that any person manufacturing infants' and children's underwear and leggings, other than knitted cotton and woven

cotton, so-called "athletic type" underwear, may elect to operate under the provisions of such code of Fair Competition for the Infants' and Children's Wear Industry as may hereafter be approved by the President's reemployment Agreement may continue to operate under said Agreement and such persons not operating under the President's Reemployment Agreement shall operate under the provisions of this Code."

PRODUCTS -

The underwear and allied products industry, is classified into two principal divisions, fabric makers and garment makers. Each of these may be subdivided in turn into several branches. Thus, the fabric division is composed of the knit cotton or wool group, the circular knit silk and rayon group, the warp knit silk and rayon group, and the miscellaneous group.

Products manufactured by the fabric division include circular knit silk and rayon cloth, circular knit cotton cloth, warp knit silk and rayon cloth, warp knit cotton cloth, knit elastic fabrics, knit glove linings, knit beef tubing, and knit wash cloth material.

The garment division is composed of the knitted cotton or wool fabrics group, the woven cotton fabrics group, the knitted silk and rayon fabrics group. Products manufactured by the garment division include:

Heavyweight Underwear

Men's union suits

Women's union suits

Boys' union suits

Misses' union suits

Children's union suits

Children's sleeping garments

Lightweight Underwear

Men's union suits

Women's union suits

Boy's union suits

Misses' union suits

Men's and boys' athletic shirts

Rayon Underwear

Women's circular knit underwear

Children's and infants' circular knit underwear

Men's circular knit underwear

Warp knit underwear

Women's underwear

Children's and infants' underwear

Men's underwear

Woven Underwear

Men's underwear

Boy's underwear

Men's woven shorts

Boys' woven shorts

Infants' vests, wrappers, etc. Children's woven waist shirts

Children's union suits Women's athletic undergarments

A. Classification Difficulties - Re: Overlapping Code Provisions.

As defined by the Code, the Underwear and Allied Products Industry covers many different types of concerns, ranging from textile manufacturers to cutters-up; manufacturing a wide variety of products. It is only natural that concerns with processes so closely similar to those of the other garment trades should widen the scope of their operations to include not only underwear but also other lines of apparel. Such concerns were, therefore, subject not only by the Underwear and Allied Products Code , but also by one or more other codes. The result was a series of complicated jurisdictional disputes. The more important of these concerned the Codes for the Cotton Textile, Cotton Garment, Infants' and Children's wear, and Knitted Outerwear Industries. These difficulties will be discussed at greater length belos.

HISTORY OF UNDERWEAR STYLES -

At the end of the 1870's practically all garments made in this country were flat garments, that is, the fabric was flat knit. In 1884 the latch-needle ribbed garment came into vogue. This rib, however, though an advance over the flat type of garment, was far from satisfactory. In the early 1890's the spring-needle rib made its appearance, and with its ascendency the flat garment declined until today the bulk of all underwear produced for men, women and children is ribbed goods. The popularity of the spring-needle rib is due to retaining its elasticity after wear and washing, which the latch-needle rib does not. The flat garment has very little elasticity. The only seamless flat goods produced today are the woolen and balbriggan garments. Another type of flat goods produced to a very limited extent is the full-fashioned garment. Recent years have seen a marked change in the underwear business. The tendency is toward finer goods and lighter-weight garments, especially of cotton or rayon, these yarns being cheaper. The three qualities generally recognized as essential for underwear fabrics are elasticity, porosity, and thickness without undue weight. Light-weight garments are in demand in winter as well as summer, many people having discontinued wearing wool, merino, and other heavyweight fabrics, because they believe that wearing the same weight underwear all year round makes them less susceptible to colds.

All fleeces, (which originally were intended for the foundation of outer wear and not for underwear) have fallen into disuse, because of the demand for lightweight garments, and also because of the tendency of small fibres of the napped surface to roll into lumps and become detached from the fabric and to harden in lumps in washing. Where fleeces are worn, the inclination is for flat fleeces to be displaced by the ribbed fleece, because of its greater elasticity.

Balbriggan underwear is gradually being displaced by mesh underwear, as the plain balbriggan garment lacks porosity and elasticity and its tendency to cling to the body makes it uncomfortable for summer wear.

Knit underwear absorbs perspiration, and therefore from a sanitary

point of view . is said to be the ideal undergarment. Underwear cut from light woven cloth, however, and sewed into garments has made great inroads into the knit underwear business, especially the men's branch.

PROCESSES AND METHODS OF MANUFACTURING

The operations performed in manufacturing knit underwear may be segregated into the following classifications: winding, knitting, cutting, sewing, and finishing. The following is an itemized list of operations according to the above classification. (*)

WINDING

Winding consists in winding the yarn on to wide bobbins, to prepare the yarn for the knitting machine. The large underwear will usually winds its yarn, but smaller mills generally purchase wound yarn. Poorer grades of underwear are knit from the cap or jack bobbin, which is the usual form in which yarn comes from the yarn mill. Winding is essential where a good product is desired, wound yarn having fewer knots and weak places having been revealed and corrected.

KNITTING

Unlike hosiery, where practically the entire hose is knit on the machine, the underwear circular knitting machine knits only rolls of shapeless tubular or web fabric. The tubular knitted fabric, when flat forms a continuous piece of goods of double thickness, the width being regulated by the width of the garment desired to be made. In knitting a fleeced garment a special heavy backing or jack yarn is used which later is napped to produce a fleeced surface. Flat frame, spring-needle knitting machines, which, [illegible] with one or two exceptions are no longer used, knit full-fashioned garments, What are usually termed flat garments are knit on a spring-needle circular machine, having but one set of needles.

Shirt cuffs, drawer bottoms, and rib tails are knit on a special ribbing machine. Ribbed cuffs and drawer bottoms are used, regardless of the body fabric, because of the greater elasticity and better stretching to the shape of the ankle and wrist.

LOOPING AND SEAMING

After the cuffs and drawer bottoms are knit they are joined to the sleeves and legs by looping or seaming. In looping, the cuff or drawer bottom is placed upon the points of a slow-revolving looper, and the corresponding loops of a shirt sleeve or drawer bottom are placed right over the same needles. A knife first trims off the waste, and as the back of the machine is passed, a needle runs through the two corresponding sets of loops, thus fastening the open edges together. Sometimes the sleeve itself is looped onto the shirt. Looping is very slow, and is used

(*) (See report by E. E. Pratt of the Department of Commerce August 27, 1915, Series No. 32)

in but few mills. Most of the mills seam the cuff to the sleeve or drawer bottom to the leg.

CUTTING

The cutter usually receives the cloth from the drying or napping room. It is then cut off at the point necessary for best fitting in the pattern and sizes of the garments to be cut. The cloth is piled up, one layer upon another, either by machine or by hand, until sufficient cloth has been piled up. When all the cloth that is to be cut has been laid out, wooden pattern boards, paper patterns or perforated charts are placed upon the top layer and the pattern is marked out. Styles of garments in this industry are comparatively standardized, and marking is nearly perfect. The cloth after being marked is either cut by hand or by an electric machine.

The rolls of fabric for ribbed cuffs, drawer bottoms, etc., are slit on a special rib-cutting or slitting machine driven by power. The fabric is fed through two solid wheels which cut accurately. In some instances, this cutting is done by shears. The cut garments are then given a "rough" inspection.

WASHING AND BLEACHING

The rolls of fabric or cloth are taken from the knitter and sent to the wash room. Cotton or silk garments are ordinarily non-absorbing unless bleached. Wool contains much foreign matter - dirt, wool fat, and perspiration - which must be removed. The usual method is to treat the knitted cloth with caustic soda or some other chemical containing alkali properties which will remove the natural animal or vegetable matter in the cloth that repels water. After washing the cloth is usually bleached by a solution of chlorine.

NAPPING

Napping consists of running the cloth through rollers. One set called "worker rollers" of short sharp-pointed wires bent at the ends, which rip up the heavy jack or backing yarn that has been inserted, the other set "leader rollers" has straight shorter wires which keep the cloth from becoming tangled in the worker rollers.

SEWING

The sewing operations performed in the stitching rooms of the underwear plants are similar to the general sewing operations in any garment factory. The sewing operations for underwear are as follows: hemming, welting, seaming, cover seaming, necking, facing, button staying, over-edging collaretting, tacking, binding, button hole making, button sewing, taping, strapping, eyeleting, mending and label sewing. Several miscellaneous operations, which are not in themselves sewing but are performed in the stitching rooms are: turning, marking, laying out, trimming, and neck cutting.

FINISHING OPERATIONS

After the garments are cut and sewn, the finished products are inspected, pressed, folded and boxed for shipping. These are the final manufacturing operations.

KNITTING VARIATIONS

Knit underwear may be ribbed, flat, fleeced balbriggan, or mesh. Ribbed underwear may be jersey (royal ribbed, which is made with a tuck stitch), derby or plain ribbed, or swiss ribbed. Jersey rib is used for men's, women's and children's underwear, the derby rib is usually for men's underwear, and the swiss rib for ladies' vests and union suits. Ribbed underwear is usually made on a circular latch-needle machine, though sometimes on a spring-needle circular machine (swiss ribbed underwear in this country is generally made on a circular latch-needle machine) though the genuine swiss ribbed is made on a flat-frame full-fashioning machine.

Flat underwear is not made on a flat machine, but on a circular spring-needle machine which produces a fabric with a flat effect used in the manufacture of men's, women's and children's underwear. Fleeced underwear may be either ribbed or flat, and is made for men, women and children. Balbriggan underwear is made of a hard twisted copy yarn, and generally of Egyptian cotton or of cotton stained to resemble Egyptian. It is made on the circular machine and manufactured for men and boys only. Mesh underwear is made on a circular machine and in a variety of mesh designs, principally for men and boys, but to some extent for women.

Knit underwear is made of cotton, wool, merino, worsted, silk, rayon, or combinations of these yarns. Cotton and rayon are most commonly used, though all of the other yarns are still utilized. Ribbed underwear is by far the most prevalent.

CONSTRUCTION DETAILS OF UNDERWEAR, FULL-FASHIONED AND SEAMLESS

Knit underwear may be either full-fashioned or seamless. In full-fashioned underwear the various parts are properly fashioned on a flat-frame machine and then seamed together. In seamless underwear, the web or fabric is knit tubular, and the desired garment is them made by cutting the tubes to pattern and then seaming the pieces together. Practically all of the underwear manufactured in this country is seamless. Very little full-fashioned underwear is manufactured, usually for infants, but its costliness prohibits it from general use. Seamless underwear may be shaped, but underwear so shaped is not what is generally termed full-fashioned. Some seamless underwear is taken in at the side and seamed in order to produce a garment shaped to the form of the body. Where such seaming of the sides is employed it is generally on ladies' vests and union suits, though some manufacturers employ the same method for shaping men's union suits.

CHAPTER II

CHARACTERISTICS OF THE INDUSTRY

NON-COMPARABLE STATISTICAL DEFINITIONS

Not only did the definition of the Underwear and Allied Products Industry cause conflict in the National Recovery Administration as explained in the preceding chapter, but further difficulties are encountered in a statistical examination of the Industry due to the lack of comparability of the definitions of the industry used by the different compilers of statistics.

The definition in the Census of Manufacturers covers only knit underwear and does not cover the allied products such as shorts, etc., made from woven materials. It was not found possible to separate the figures for these allied products from their other census classifications. Census figures have the additional limitation that they do not cover concerns producing less than $5000 value of product annually.

The Code Authority, on the other hand, covers the allied products in their tabulations.

SIZE OF THE INDUSTRY

The size and importance of the knit underwear branch of the industry is indicated in Table I which shows important Census data for the period 1923 to 1933.

In 1923 there were 326 establishments employing 48,552 wage earners at an annual payroll of $39,932,000 and producing $132,355,000 worth of product. This year and the following census year, 1925, appear to have been at about the peak point in the industry's prosperity, a decline starting shortly thereafter being continued to the present time, possibly due to decreasing popularity of knit underwear.

By 1929 the industry had declined to 251 establishments, employing 41,487 wage earners, at an annual payroll of $32,928,000 and producing $135,092,000 worth of product.

During the economic depression, the knit underwear branch of the industry further declined; by 1933 there were 195 establishments, employing 35,915 wage earners, at an annual payroll of $22,251,000. The value of product for 1933 had declined to $92,200,000 or to about one-half of the 1923 level.

TABLE I

Knit Underwear Industry

Establishments, Wage Earners, Wages, Cost of Materials Value of Products, Value Added by Manufacture 1923 to 1933

Year	Number of Establishments	Wage Earners[1]	Wages*	Cost of Materials*	Value of Products*	Value added by Manufacture*
1923	326	48,552	39,932	106,760	182,355	75,595
1925	298	48,328	40,145	110,773	188,570	77,797
1927	285	46,227	39,183	90,728	173,423	82,696
1929	251	41,487	32,928	80,475	150,842	70,367
1931	218	31,951	22,545	44,260	89,853	45,593
1933	195	35,915	22,251	44,194	92,200	48,006

1 Average for year

* Thousands of dollars

Source: Census of Manufactures

In 1934, according to Code Authority records(*), in the entire industry, both the knit underwear and the allied products branches, there were 531 concerns, employing 34,630 wage earners, at an annual payroll of $23,348,000, and producing an estimated $152,488,000 worth of product.

The volume of underwear production averages approximately 35,000,000 dozens garments annually. The output of allied products cannot be stated definitely in physical units because of the varying classifications.

The value of the industry output amounted to $115,000,000 for underwear, and $45,000,000 for allied products, (estimated 1934 figures). While the physical volume of production of underwear was less in 1929 than in 1931, the value was more, $204,000,000 in the former year and $134,000,000 in the latter. Allied products approximated $70,000,000 in 1929, and $45,000,000 in 1931.

GEOGRAPHICAL LOCATION

Geographically the Underwear and Allied Products Industry is nearly all in the northern area with high concentration in the Middle Atlantic States. According to a report of the Research and Planning Division of the Underwear Institute of the 531 concerns in the industry, 10% are located in the New England States, 62% in the Middle Atlantic

(*) Code Authority letter from Cheney to Sunderland, Dated 3/19/35 NRA files.

States, 16% in the Western States, and 12% in the Southern States.

Slightly over 88 percent of the industry, therefore, is located in the northern area as defined by the code. Table II lists the firms by geographical location and type of product produced. No great differences are apparent in the different branches of the industry, most of the mills of each type being located in the Middle Atlantic States.

SIZE OF COMMUNITY LOCATION

The following table lists the number of mills according to mill-town population. It is noted that 21.3 percent of all mills are located in towns of less than 5,000 and 51.6 percent of all mills are located in towns of less than 50,000 and 68.7 percent are located in towns of less than 200,000.

Based on value of production, 26% of the industry is located in towns up to 10,000 population, 23% in localities from 10,000 to 50,000 population, 26% in cities from 50,000 to 200,000, 9% in communities of 200,000 to 1,500,000 and the remaining 16% in large metropolitan areas of more than 1,500,000.

TABLE III

Underwear and Allied Products Industry
Number of mills and Mill Sales by Size of Town, 1933

Population of Mill Town a/	ALL MILLS		SALES REPORTED			
	Number	Percent of total	Number of Mills	Amount*	Percent of total	Sales per Mill*
U. S. Total	531	100.0	399	152,488	100.0	382
Under 5,000	113	21.3	91	27,743	18.2	305
5,000-9,999	46	8.7	36	11,977	7.8	333
10,000-24,999	73	13.7	56	20,349	13.3	363
25,000-49,999	42	7.9	34	14,737	9.7	433
50,000-99,999	26	4.9	23	16,251	10.7	707
100,000-199,999	34	6.4	26	22,678	14.9	872
200,000-749,999	31	5.8	21	8,612	5.6	410
750,000-1,499,999	21	4.0	14	4,673	3.1	334
1,500,000 and over	145	27.3	98	25,468	16.7	260

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, p. 9

a/ Census of Population, 1930

* Thousands of dollars

TABLE II

UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

Number of Underwear Mills by Type and Geographic Division, 1933

Geographic Division	All Mills a/		Knitted Fabric Mills			Garment Mills		
	Number	Percent of total	Rayon&Silk Circular	Rayon, Silk& Other Warp	Miscellaneous b/	Cotton &/or wool circ. c/	Woven Athletic type	Rayon, silk etc
U.S.Total	531	100.0	61	48	46	204	108	188
Total North	468	88.2	59	46	40	167	91	175
New England	52	9.8	7	-	10	26	14	9
Middle Atlantic	330	62.2	40	40	22	120	47	123
Middle West	74	13.9	9	5	8	20	26	35
Western	12	2.3	2	1	-	1	4	8
Total South East of Mississippi River	63	11.8	3	2	6	37	17	13
West of Mississippi River	58	10.9	3	2	6	37	15	9
	5	0.9	-	-	-	-	2	4

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15,1935,p.1

a/ The sum of the mills of the various types is greater than the actual total number of mills because many of them are both fabric knitters and garment manufacturers.

b/ Work glove fabrics, elastic fabrics, beef bagging, wash cloths, polishing cloths and novelties.

c/ Includes circular knitters of cotton and/or wool underwear fabrics

FINANCIAL DATA ON UNDERWEAR MANUFACTURING

Financial data on the underwear and allied products industry is extremely meagre, and the making of comparisons between the available data and that for other manufacturing operations is difficult.

According to the only available figures, compiled by the Research and Statistical Department of Dun & Bradstreet, Inc., (*), 71 out of 202 concerns in 1934 or about 35% of the members of the Industry showed a profit. This compares with 45.2% of all Knitted Goods Manufacturing, and 66.5% of all manufacturing concerns showing a profit in 1933, according to reports to the Bureau of Internal Revenue. (See Chapter III, Part A).

Indications are, therefore, that chances of a manufacturer of underwear and allied products making a profit are not nearly so good as if they are for the manufacturing industry as a whole, and not even as good as in the knit goods industry as a whole.

In spite of the poor outlook for profits, for the whole industry, it is extremely profitable for many concerns, and especially so for those manufacturers of specialties such as warp knitted rayon and miscellaneous fabrics such as meat bags, lastex, etc.

Examining the concerns falling in the upper quartile, it is seen that in only one line of goods (circular knitted silk and rayon fabrics) was the return as low as 6% on tangible net worth; in garment manufacture this group earned over 10% return; while the specialty manufacturers in the upper quartile earned over 20% return on net worth.

The above figures are taken from Table III A, which shows the upper and lower quartiles and median of net profits on sales and the return on tangible net worth for underwear and allied products concerns, classified by important products. Note that the losses even in the lower quartile were comparatively small in 1934.

TABLE III A - IMPORTANT FINANCIAL RATIOS OF SIX DIVISIONS OF THE KNITTED UNDERWEAR AND ALLIED KNITTED PRODUCTS MANUFACTURING INDUSTRY BASED UPON 1934 OPERATIONS

MANUFACTURERS OF:		No. of Concerns	No. Reporting Net Profits	Net Profits on Net Sales	Net Profits on Tangible Net Worth
Mens, Womens and Childrens Cotton and Woolen Underwear which knit their own Fabric	(Upper Quartile)	123	39	8.12%	13.86%
	(Median)			3.84%	3. 30%
	(Lower Quartile)			0.11	0.52
Mens, Womens and Childrens Knitted Silk and Rayon Underwear (A few knit their own fabric; the great majority, however, purchase their fabric from commercial knitters)	(Upper Quartile)	60	27	3.07	10.64
	(Median)			1.06	2.85
	(Lower Quartile)		(L)	0.19 (L)	0.42
Circular Knitted Silk and Rayon Fabrics	(Upper Quartile)	22	8	4.12	6.03
	(Median)			1.38	1.54
	(Lower Quartile)		(L)	0.77 (L)	1.52
Cotton and Woolen Knitted Outerwear (all of these mills also manufacture knitted underwear)	(Upper Quartile)	20	6	3.03	18.89
	(Median)			2.49	4.26
	(Lower Quartile)			1.94	0.68
Warp Knitted Silk, Rayon and Cotton Fabrics	(Upper Quartile)	17	5	7.62	20.98
	(Median)			4.78	8.38
	(Lower Quartile)			1.94	1.73
Miscellaneous Knitted Fabrics (Gloves, meat bags, lastex corsets)	(Upper Quartile)	22	5	8.48	23.76
	(Median)			6.80	12.39
	(Lower Quartile)			4.66	7.43
All Manufacturers of Cotton Woolen, Silk, and Rayon Knitted Fabrics and Pro-	(Upper Quartile)	202	71	6.66	11.66
	(Median)			217	3.30
	(Lower Quartile)		(L)	0.10 (L)	0.26

Source: Important Financial Ratios of The Knitted Underwear and Allied Products Manufacturing Industry - A Supplementary Specialized Study to "Behind the Scenes of Business" by R. A. Foulke, Manager.

CHAPTER 111

PRODUCTION AND DISTRIBUTION

STABILITY OF UNDERWEAR PRODUCTION

On the basis of total dozens, the volume in underwear output has been between 34,954,000 dozen in 1931, and 39,680,000 in 1927, or approximately 14 per cent variation, an apparent phenomenal steadiness from the peaks of 1927 through the depression depths of 1931.(*) But for accurate comparison it is necessary to place data on the same basis. It would obviously be unfair to compare dozens of vests, shirts, panties, or the like with full-piece units such as union suits if the relative importance of either type had shifted from year to year.

That there has been a noticeable shift away from the full union suit type of underwear to separate pieces is clearly indicated by the fact that on the basis of equivalent full-piece suits of underwear, the 1931 production was 20 per cent less than the top of 1927. The output of 1933 and 1934 in equivalent units was about 86 per cent of the 1927 level, but almost equal to the 1929 production, still denoting a remarkable stability of the industry. The facts show that the 1934 production index was 97 per cent of the rate in 1929, whereas general manufacturing activity showed a corresponding ratio of only 66 per cent and general textile manufacturing 74 per cent.

On the basis of dozens of equivalent one-piece suits, the average value of underwear would have been $9.54 in 1927, $8.94 in 1929, $6.43 in 1931, $5.29 in 1934. There has been a general decline in prices in recent years, but the sharp drop in underwear prices from former levels is apparent from the foregoing figures. A later discussion of wholesale price trends shows underwear prices to be exceptionally depressed in comparison with those of other textile products, and all commodities, as a whole.

With due allowance for manufacturers failing to report, and allowable errors during the first year of compiling statistics, it is calculated that underwear production in 1934 was approximately 7,150,000 dozen. The quantity actually reported in 1934 was 35,378,000 dozen.

A very interesting comparison of regional shifts within the industry is made possible by the records of mill sales value for 183 identical mills in 1929, 1932, and 1933. The total volume reported by these mills was $115,000,000 or 41% of the estimated national total of $287,000,000 in 1929, $62,500,000 or 34% of the $182,000,000 estimated total in 1931, and $78,000,000 or 50% of the estimated $157,000,000 in 1933.(**)

(*) Underwear Institute Report - dated April 15, 1935.

(**) Source: Underwear Institute Report - dated April 15, 1935.

TABLE IV

UNDERWEAR AND ALLIED PRODUCTS INDUSTRY
Mill Sales by Geographic Division, 1929, 1932, 1933 a/

Geographic Division	Number of mills reporting	SALES 1929 Thousands of dollars	1929 Per Cent of total	1932 Thousands of dollars	1932 Per Cent of total	1933 Thousands of dollars	1933 Per Cent of total
U. S. Total	183	114,929	100.0	62,463	100.0	78,911	100.0
Total North	157	102,281	89.0	53,651	85.9	66,453	84.2
New England	23	19,302	16.8	9,192	14.7	12,294	15.6
Middle Atlantic	105	58,632	51.0	30,399	48.7	37,366	47.3
Middle West	29	24,347	21.2	14,060	22.5	16,793	21.3
Total South	26	12,648	11.0	8,812	14.1	12,458	15.8

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, p.8

a/ Data are for 183 indentical mills.

By regions the trends have been variable, with New England percentage , for example, decling from 1929 to 1932 and rising again in 1933. The proportion for the Middle West increasing from 1929 to 1932 and decreasing in 1933, remaining slightly above the proportion for 1929.

The proportion of sales accounted for by the Middle Atlantic States has been constantly downward, and that of the Southern States Upward, which is regarded as significant of the fact that the industry is not the usual garment cutting and sewing industry gravitating to large metropolitan areas, but on the contrary is very largely a small mill town industry. The fact is established forcefully by the distribution of mill sales by mill town size.

STYLE TRENDS

The greatest change in underwear has been the increasing demand for lightweight garments. This has caused the production of heavyweight garments to decline. The output of union suits and shirts and drawers has constantly varied from time to time. The introduction of rayon yarn is the most recent change in raw materials used by the underwear industry. Cotton yarn continues to be the largest source of raw materials but rayon is rapidly coming to the fore.

Novelty effects in fabrics are the keynote of the 1935 year, in knitted underwear, and manufacturers are exercising all possible ingenuity to develop original and distinctive types of stitch. Faced with a hesitant buying tone, they will rely more than ever on attractive styling to build business. As usual where fashion is high-lighted, this effort is concentrated on women's apparel, and in this division indications are that 1935 will bring numerous decidedly different and pleasing new fabrics.

The popularity of the waffle stitch during recent seasons has convinced knitters of the advisability of achieving further variations in stitch.

The new lines show conservative use of color in women's underwear. Two-tone effects are favored and sometimes two contrasting colors are used.

One of the most striking and significant of these is the tendency of mills toward further diversification of product. With market conditions so unsatisfactory, many companies are branching into new knitwear lines, hoping in this way to catch up slack in their established fields and reduce production costs. Bathing suits were added to the lines of several leading underwear firms, and this has been followed recently by the addition of foundation garments of the corset type. The combining of foundation garment manufacture with underwear is viewed by the industry as particularly significant. In the apparel sense, it is a perfectly logical tie-up, but early reports indicate that the corset industry is planning a real fight to hold its business.

In men's underwear generally, the trend is toward white lightweight two-piece suits. Endsyear sales showed a decline in the call for colors and manufacturers look for this tendency to continue.

It is significant that, despite the problem of inferior rayon underwear, the sales of synthetic-fiber garments to men has held up quite well.

Knitted underwear manufacturers regard 1936 prospects as very promising. The heavyweight division in particular is in a good position, due to its wise policy of delaying opening.

In the heavy underwear vogue of twenty years ago rayon had little chance, but the underwear trade, with the trend to lighter garments, became by 1927 the largest consumer of the fiber. It lost that position to the cotton trade in 1931, but it is still a major outlet for rayon. Underwear knitters, experienced in handling large volumes of the yarn and equipped with machines so well adapted to its use, are in excellent position to capitalize on the improvement in its properties. The principal retarding factor in development of broader consumer acceptance is the willful production of inferior fabrics to beat a price.

RAW MATERIALS

The Census of Manufactures list the value of materials used to make knit underwear as follows: 1929 - $80,475,000, 1931 - $44,260,000 and 1933 - $44,194,000.

The materials used by the industry are mainly cotton yarn, which is knitted into underwear fabric. Next in importance is rayon yarn, wool yarn, and silk yarn. Cotton is the most important material of the knit underwear industry, constituting in 1929, 85% by weight of all the textile materials used by that industry. In 1925, the knit underwear industry consumed 22.1% of the cotton yarn purchased by the textile industry at large, but this percentage decreased to 15.7% in 1929. In 1929 the knit underwear industry consumed only 1.3% of the total raw cotton used, compared with 2.3% in 1919, and 3.7% of the waste cotton used in 1929, compared with 6.8% in 1919. The knit underwear industry in 1929 was the most important consumer of mixed cotton and wool yarn, but its percentage dropped from 38.4% in 1919 to 21.5% in 1927. The knit underwear industry consumes only about ½ of 1% of all the raw wool used, a little over 4% of the wool waste, and about 1% of the woolen and worsted yarn. Its position regarding consumption of raw silk and silk yarn is as low as in wool consumption.

The outstanding increase has been in the per cent of purchased rayon yarn consumed by the knit underwear industry, from 2.9% in 1919 to 9.8% in 1929.

SHIFT IN MATERIALS

There has been little shifting in the main materials used.(*) The great majority of garments have been all-cotton fairly uniformily during the whole period. In 1909 and 1931, 88 and 83 per cent respectively, of total shirts and drawers and union suits were all cotton.

(*) American Knitwear Manufacturers Association Report, dated June, 1933.

The principal changes have been the decrease in the use of cotton and wool mixed, and the increase of rayon. In 1919 three million dozen garments were made of cotton and wool mixed, but this had decreased to less than one-half million in 1931. In 1931, 1.1 million dozen were made of rayon, constituting 7.8% of the garments whose materials were reported. Silk increased in importance from 1919 to 1925, but with the developing of rayon, its use became negligible.

There was an increase in the proportions of summer garments produced from 43.2% in 1926 to 55.2% in 1932. The most important shift was in men's shirts and drawers.

VALUE AND VOLUME OF PRODUCTION

Census of Manufactures lists the value and volume of knit underwear production as follows:

(No detailed information is available for allied products.)

KNIT UNDERWEAR

TABLE V - VOLUME AND VALUE OF PRODUCTION

Kind of Product	Volume of Production (Dozs. 000)				Value of Production (000 Dollars)		
	1929	1931	1933	1934	1929	1931	1933
Shirts & Drawers	8,802	7,959	10,220	-	37,670	25,258	25,369
Union Suits	8,891	6,088	8,088	-	70,837	40,452	38,963
Bloomers & Step-Ins	2,383	1,862	2,261	-	18,319	8,073	7,928
Slips & Petticoats	259	109	82	-	2,125	1,360	784
Infants' Underwear	-	-	-	-	6,146	4,786	2,879
TOTAL					135,092	79,929	75,922

Source: Census of Manufactures

It is noted from the above figure that the greatest variation occurred in the production and value of shirts and drawers. Production for this type of garment in 1929 was 8,802,000 dozen garments and in 1933 it was 10,220,000 dozen, a gain of 1,418,000 dozen, or 16.2%, while the value dropped from $37,670,000 in 1929 to $25,368,000 in 1933, a decrease of $12,302,000, or 33%.

VALUE OF PRODUCTION BY STATES

The value of knit underwear production by states, as reported by the Census of Manufactures for 1931, is as follows:

(No detailed information available for allied products.)

TABLE VI - VALUE OF PRODUCTION PER STATE

State	Value of Production (000 Dollars)	
	1929	1931
Connecticut	4,251	1,626
Georgia	4,219	1,962
Massachusetts	12,039	6,781
Michigan	4,970	2,828
New York	41,979	22,072
North Carolina	7,589	4,168
Ohio	4,262	-
Pennsylvania	28,368	21,877
Tennessee	-	6,654
Utah	344	
Vermont	4,013	
Virginia	1,962	
Wisconsin	1,992	1,663
Other States	34,854	20,222
TOTAL	$150,842	89,853

Source: Census of Manufactures - 1931 - "Knit Goods".

PRODUCTION BY TYPE OF PRODUCT

Over three-fourths of the product of the underwear and allied products industry in 1933 was produced by manufacturers of garments. Cotton and wool garments were the most important items produced by the industry, 47.1 per cent of the value of product being in this class. Next in importance was rayon silk and other garments with 20.4 per cent of the total value, followed by rayon, silk and other cloth with 14.7 per cent and woven athletic underwear with 9.6 per cent of the total. The following table shows value of the production of the various types of product produced in 1933, according to the Code Authority.

TABLE VII

UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

VALUE OF PRODUCTS BY TYPE OF MILL,
1933

Type of Mill	Value of Products (a) Thousands of Dollars	Per Cent of Total
Total Mills	157,000	100.0
Total Fabric Mills	36,000	22.9
Rayon, Silk, Cotton and/or Wool Circular	23,000	14.7
Rayon, Silk and Other, Warp	4,000	2.5
Miscellaneous (b)	9,000	5.7
Total Garment Mills	121,000	77.1
Cotton and/or Wool	74,000	47.1
Woven Athletic Type	15,000	9.6
Rayon, Silk and Other	32,000	20.4

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, pp. 1 and 13.

(a) This includes fabrics valued at $7,000,000 and undergarments at $8,000,000, not readily classified, which have been apportioned by groups.

(b) Work glove fabrics, elastic fabrics, beef bagging, wash cloths, polishing cloths and novelties.

Prepared by Industry Statistics Unit, Statistics Section, NRA.

Production per unit in the underwear industry was greater in 1933 than in 1929, yet the total values for 1933 were 43.7 per cent less than in 1929.

Production of "shirts and drawers" in 1929 was approximately 8,802,000 dozen valued at $37,670,000, or an average of $4.30 per dozen. In 1933 production of this item increased to 10,220,000 dozen valued at $25,368,000 or $2.50 per dozen. This production increased 16.1 per cent in 1933 over 1929. The total value decreased 33 per cent. The decline in price was approximately $1.80 per dozen.

The production of "union suits" in 1929 was approximately 8,891,000 dozen valued at $70,837,000, or an average of $7.85 per dozen.

In 1933, 8,088,000 dozen were produced valued at $38,963,000 for an average of $4.80 per dozen. In 1933 the value dropped $3.05 per dozen, or approximately 38 per cent.

Approximately 2,383,000 dozen "bloomers" and "step-ins" were produced in 1929, valued at $18,319,000 for an average of $7.70 per dozen. In 1933 approximately 2,261,000 dozen were produced (5 per cent less than in 1929), valued at $7,928,000 or $3.50 per dozen. The decline in price for these items was $4.20 per dozen or 55 per cent from the 1929 average.

The production of "slips" and "petticoats" during 1929 approximated 259,000 dozen, valued at $2,120,000 for an average of $8.20 per dozen. In 1933 production of these items dropped to 82,000 dozen, valued at $9.70 per dozen.

The following table contains the information given above:

TABLE VIII - VOLUME AND VALUE OF PRODUCTION, BY TYPE OF PRODUCT

Product	1929			1931			1933		
	Prod. (000) Dozen	Value (000) Dollars	Aver. per Dozen	Prod. (000) Dozen	Value (000) Dollars	Aver. per Dozen	Prod. (000) Dozen	Value (000) Dollars	Aver. per Dozen
Shirts and Drawers	8,802	37,670	$4.30	7,959	25,258	$3.20	10,220	25,368	$2.50
Union Suits	8,891	70,837	7.85	6,888	40,452	5.90	8,088	38,963	4.80
Bloomers-Step-ins	2,383	18,319	7.70	1,862	8,073	4.35	2,261	7,928	3.50
Slips and Petticoats	259	2,120	8.20	109	1,360	12.50	82	784	9.70
Infants' Underwear	--	6,146		---	4,786		---	2,879	
TOTALS	20,535	135,092		16,818	79,929		20,651	75,922	

Source: Census of Manufactures - "Knit Goods."

COST OF PRODUCTION

The total cost of raw materials for the Underwear and Allied Products Industry in 1929 was approximately $132,167,000, or 59.3% of $223,767,000, the total value of products for 1929. In 1931 the total cost of raw materials was approximately $79,647,000, or 55.7% of $142,895,000, the total value of 1931 products. It is noted that actual monies spent in 1931 for materials decreased about 40%, but the ratio of materials to total values only decreased 3.6%. In 1933, the total cost of materials used by the industry dropped to $76,433,000, or 53.5% of $142,440,000, the total values of products. The cost of materials for 1933 was 42.5% less than in 1929, but in proportion to total value, it was 53.5% in 1933 as compared with 59.3% in 1929, a decline of 5.8%.

Total labor cost for the Underwear and Allied Products Industry in 1929 was approximately $41,700,000, or 18.7% of $223,767,000, the total value of products for that year. In 1931, the actual cost of labor decreased to $29,716,000, or 28.5% less than in 1929, but the labor cost to the manufacturers increased 1.7% over 1929, due to the fact that the total value of products declined from $223,767,000 in 1929 to $142,895,000 in 1931, or 36.5%.

The following table is a summary of the figures quoted above:

TABLE IX - RATIO OF LABOR AND MATERIALS COSTS TO VALUE OF PRODUCT

Year	Total Labor Cost		Total Material Cost		
	Amount	% of Product Value	Amount	% of Product Value	Total Value of Product
1929	$41,700,000	18.7	$132,167,000	59.3	$223,767,000
1931	29,716,000	20.4	79,647,000	55.7	142,895,000
1933	28,372,000	19.7	76,433,000	53.5	142,440,000

Source: Census of Manufactures - "Knit Goods".

Table X, shows 1934 sales by type of mill. In that year 86.5 per cent of the total sales were made by garment mills. Cotton and wool garments accounted for about one-half of that year's sales and rayon silk and other garments about one-fourth.

TABLE X - UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

SALES BY TYPE OF MILL, 1934 (a)

Type of Mill	Sales	
	Thousands of Dollars	Per Cent of Total
Total Mills	117,143 (b)	100.0
Total Fabric Mills	15,775	13.5
Rayon, Silk, Cotton and/or Wool Circular	6,793	5.8
Rayon, Silk and other Warp	2,581	2.2
Miscellaneous (c)	6,401	5.5
Total Garment Mills	101,368	86.5
Cotton and/or Wool	60,670	51.8
Woven Athletic Type	10,745	9.2
Rayon, Silk and other	29,953	25.5

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, pp. 1 and 13.

(a) Preliminary reports of 352 member and non-member mills.

(b) This figure does not include reports from 24 mills, non-members of the Underwear Institute and from 2 member mills, all of which failed to allocate their sales aggregating $5,013,000.

(c) Work glove fabrics, elastic fabrics, beef bagging, wash cloths, polishing cloths and novelties.

Prepared by Industry Statistics Unit, Statistics Section, Division of Review, N.R.A.

SHIPMENTS

The 1934 shipments of the product, according to code authority records, are shown by the following table which also shows average monthly stocks on hand and rate of turnover of stocks. In 1934, 31,025,000 dozens of garments were shipped. In that year shipments were large for the following garments: women's rayon underwear with 7,310,000 dozens; men's and boy's shorts with 5,430,000 dozens; men's shorts - 4,892,000 dozens. In 1934 shipments of men's heavyweights amounted to only 2,391,000 dozens.

STOCK TURNOVER

Rayon underwear with an average turnover rate of 13.26 in 1934, moved over twice as rapidly as lightweight cotton and woolen underwear and over four times as rapidly as heavyweight underwear. The fastest moving product in the industry in 1934, was the elastic fabrics for use in the manufacture of corsets, etc., for which the turnover rate was 41.16 times per year. Tubing for meat bagging and circular knit rayon fabrics also showed a very high turnover rate at about 24.7 times per year.

TABLE XI - UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

ANNUAL SHIPMENTS, AVERAGE MONTHLY STOCKS AND RATE OF STOCK TURNOVER OF UNDERWEAR BY PRODUCT - 1934

Product	Annual Shipments (Thousands of garments)	Average Monthly Stocks	Rate of Stock Turnover (a) (Times per year)
Total	31,025	4,725	6.57
Heavyweight Knit Cotton and/or Wool			3.41
Men's Union Suits	2,391	648	3.69
Women's Union Suits	283	88	3.23
Boy's Union Suits	642	222	2.89
Misses' Union Suits	87	36	2.43
Children's Union Suits	784	199	3.95
Children's Sleeping Garments	224	102	2.18
Lightweight Knit Cotton and/or Wool			6.28
Men's Union Suits	1,308	285	4.58
Women's Union Suits	1,140	145	7.88
Boy's Union Suits	94	17	5.37
Misses Union Suits	90	23	3.86
Children's Union Suits	557	100	5.58
Men's and Boys' Athletic Shirts	5,430	776	7.00
Infants' Vests, Wrappers, Bands, etc.	1,760	306	5.75
Knit Silk and Rayon			13.26
Women's Rayon Underwear	7,310	523	13.97
Children's Rayon Underwear	1,283	115	11.13
Men's Rayon Underwear	468	40	11.71
Women's Glove Silk Underwear	877	71	12.33

TABLE XI- UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

ANNUAL SHIPMENTS, AVERAGE MONTHLY STOCKS AND RATE OF STOCK TURN-OVER OF UNDERWEAR BY PRODUCT - 1934 (Cont'd.)

	Annual Shipments	Average Monthly Stocks	Rate of Stock Turnover (a) (Times per year)
	(Thousands of garments)		
Woven Athletic Underwear			6.12
Men's Union Suits	723	178	4.07
Boys' Union Suits	138	35	3.93
Men's Shorts	4,892	734	6.66
Boys' Shorts	544	81	6.68

Source: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, p. 22.

(a) Rate of stock turnover is calculated by dividing total annual shipments by average month-end stocks. Rate of stock turnover was computed before figures for shipments and stocks were rounded.

Prepared by: Industry Statistic Unit- Statistics Section - Division of Review, N.R.A.

TABLE XII - UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

ANNUAL SHIPMENTS, AVERAGE MONTHLY STOCKS, AND RATE OF STOCK TURN-OVER OF ALLIED PRODUCTS - 1934

Product	Annual Shipments	Average Monthly Stock	Rate of Stock Turnover (a) (Times per year)
	(Thousands of Pounds)		
Tubing for Meat Bagging	6,092	246	24.72
Glove Lining, Wristlets, etc.	7,236	525	13.77
Circular Knit Rayon Fabrics	6,329 (b)	439 (b)	24.70

TABLE XII - UNDERWEAR AND ALLIED PRODUCTS INDUSTRY

ANNUAL SHIPMENTS, AVERAGE MONTHLY STOCKS, AND RATE OF STOCK TURNOVER OF ALLIED PRODUCTS - 1934 (Cont'd.

Product	Annual Shipments	Average Monthly Stock	Rate of Stock Turnover (a) (Times per Year)
	(Thousands of pieces)		
Tricot and Milanese Fabrics	228	28	8.16
Elastic Fabrics	470	11	41.16

SOURCE: Underwear Institute, Analysis of the Underwear and Allied Products Industry, April 15, 1935, p. 22.

(a) Rate of stock turnover is calculated by dividing total annual shipments by average month-end stocks. Rate of turnover was computed before figures for shipments and stocks were rounded.

(b) Seven months, June- December, 1934, inclusive. Turnover is computed at annual rate.

Prepared by: Industry Statistics Unit - Statistics Section, Division of Review, N.R.A.

DISTRIBUTION

The market of the industry is national. No information is available relating to the national, regional, or interstate distribution range of individual concerns.

In 1926 and 1931 in selected groups of cities, 57% and 54.3%, respectively, of women's underwear sold was knit and 43 and 47 per cent woven. Of the women's knit underwear sold in 1926 and 1931, 58 and 62 per cent, respectively, were made of rayon.

In 45 stores in a selected group of cities in 1931, 53.8% of the men's underwear sold was knit and 41.2% woven; of the value of men's knit underwear sold 63% was of cotton, while more than 99% of the men's woven underwear was of cotton.

No information is available relating to transportation agencies utilized or the customary quantity of shipments or relation of transportation cost to wholesale prices.

Very little information is available with respect to advertising. Allied products are sold almost entirely to industrial users, and those products, together with underwear, being mainly utility articles, advertising has not been so highly developed.

The following table shows the percentage of sales value per State in relation to population:

TABLE XIII - PERCENTAGE OF PRODUCTION AND POPULATION PER STATE

1929	PER CENT OF TOTAL		1931	PERCENT OF TOTAL	
STATE	Production (b)	Population (a)	STATE	Production (b)	Population (a)
Connecticut	22.8	(*)	Connecticut	1.8	(*)
Georgia	2.8	2.4	Georgia	2.2	2.4
Massachusetts	8.0	3.5	Massachusetts	7.5	3.5
Michigan	3.3	3.9	Michigan	3.1	3.9
New York	27.8	10.2	New York	24.5	10.2
North Carolina	5.0	2.6	North Carolina	4.6	2.6
Ohio	2.8	5.4	Ohio	---	5.4
Pennsylvania	18.8	7.9	Pennsylvania	24.2	7.9
Tennessee	---	2.1	Tennessee	7.4	2.1
Utah	.2	.4	Utah	-----	.4
Vermont	22.6	.3	Vermont	----	.3
Virginia	1.3	2.0	Virginia	----	2.0
Wisconsin	1.3	2.4	Wisconsin	1.8	2.4
Other States	23.3	---	Other States	22.9	---

(*) Included in "Other States".

Source: (a) Census of Population 1930.

(b) Underwear Institute Report, dated 4/15/35.

A consumers goods product such as underwear should be consumed almost directly proportional to population in states with a similar climate. The preceding table, therefore, indicates interstate movement of goods, because nearly half of the production of underwear is produced in the two states of New York and Penngylvania, which contain less than 20 per cent of the total population. Furthermore, many states produce no underwear. The movement of underwear across state lines into these states most occur.

Referring to the 1929 Census of Distribution, it is noted that the sales of knit underwear to have been made in the following proportions to these outlets:

Wholesalers	61.2%
Retailers	33.4%
Manufacturers' own wholesale branches, industrial and other large consumers	

direct selling, etc. 5.4%

Those product s were distributed by the various sales agencies as follows:

By mills direct to various types of customers	68.2%
Manufacturers' agencies, selling agencies, brokers and commission houses	31.8%

The manufacturing units are, for the most part, medium sized; there being only about one-half dozen of unusual size. Those six largest concerns account for perhaps 15% of the sales volume of the industry, so that obviously there is no threat of monopoly. For the most part, the industry is composed of one mill companies.

No information is available on transportation agencies utilized or the customary quantity of shipments, or relation of transportation cost to wholesale prices.

EXPORTS AND IMPORTS

The following tables show a summary of the production and values of exports and imports of knitted underwear.

Attention is called to the fact that the production and values of exports and imports have steadily declined on practically all units of knitted underwear, with the exception of rayon, since 1927.

TABLE XIV - EXPORTS QUANTITIES OF KNITTED UNDERWEAR

MATERIALS		1926-30 ave.	1930	1931	1932	1933	1934	1935 (*)
Cotton Underwear -	1000 dozen	625	471	301	164	155	115	68
Silk	Pieces	68,167	56,263	44,645	31,145	45,913	123,171	85,767
Rayon	Dozens	32,241	49,763	56,580	41,566	44,977	47,260	37,049
VALUES ($1,000)-								
Cotton		2,353	1,710	881	329	333	339	194
Silk		134	101	68	41	48	132	89
Rayon		248	319	268	166	153	179	126
INDEX -								
Cotton		100.0	75.4	48.2	26.2	24.8	18.4	18.6
Silk		100.0	82.5	65.5	45.7	67.4	180.7	215.7
Rayon		100.0	154.4	175.5	128.9	139.5	146.6	197.0

(*) Source: Statistical Abstract from Monthly Summaries of Foreign Trade of the United States.

CHAPTER IV

LABOR

EMPLOYMENT

There are no official figures covering employment for the entire underwear and allied products Industry.

Figures compiled by the Research and Planning Division of the Underwear Institute (*) give the number of establishments and employment in the Industry as follows:

Table XV

Year	No. of Establishments	No. of Wage Earners
1923	474	55,784
1925	430	54,752
1927	422	52,779
1929	201	49,978
1931	375	39,495

According to this source, about 80 per cent of the industry's employees are female.

Employment in the knit underwear branch of the Industry, according to census figures, constantly declined from 1923 to 1931. In 1923 there were 48,552 wage earners in this branch; by 1931 there were only about 32,000. Some improvement is shown for 1933 when roughly 36,000 were employed.

The best available data concerning employment and wages in the entire underwear and allied products manufacturing industry during the pre-code, and post-code periods are for a sample of the industry compiled by the Bureau of Labor Statistics. These figures represent approximately 70% of the wage earners of the industry.

From this source, using the figures of 1929 as a base equivalent to 100%, the following tables indicate the various trends of employment from 1929 to September 1935. The peak of employment during this time occurred in November 1929, reaching a height of approximately 43,710 employees. During July 1932 employment dropped to its lowest level. Approximately 25,510 employees were employed during this period or 61.5% of the 1929 level.

(*) Report of Research and Planning Division of Underwear Institute, submitted at Public Hearing at Washington, August 10 and 11, 1934, N. R. A. files.

TABLE XVI

INDEX OF EMPLOYMENT (1929 = 100)

MONTH	YEAR					
	1929	1931	1932	1933	1934	1935
January	92.4	66.7	72.6	77.3	75.6	74.7
February	95.8	72.5	72.5	75.5	83.2	80.5
March	98.6	74.8	74.7	74.0	90.6	84.6
April	100.5	76.9	73.4	78.3	94.1	85.7
May	101.0	78.9	73.4	81.6	94.5	84.2
June	100.8	78.8	72.7	90.7	92.4	81.9
July	99.7	79.6	61.5	98.8	79.8	77.1
August	99.0	80.4	70.1	95.7	80.8	80.9
September	101.5	78.3	76.5	94.1	71.2	
October	103.9	80.6	83.1	94.3	83.3	
November	105.4	80.2	87.8	88.5	78.3	
December	101.3	76.5	83.7	84.2	77.8	
Average	100.0	77.0	75.2	86.1	83.5	---

Source: 1927-1929, Census of Manufactures; 1931 to date, Bureau of Labor Statistics, in cooperation with NRA and adjusted to 1933 Census total by NRA.

TABLE XVII

ESTIMATED NUMBER EMPLOYED

MONTH	YEAR					
	1929	1931	1932	1933	1934	1935
January	38,330	27,680	30,110	32,070	31,350	30,980
February	39,750	30,070	30,060	31,300	34,530	33,410
March	40,910	31,020	30,990	30,710	37,580	35,110
April	41,700	31,900	30,430	32,500	39,050	35,550
May	41,900	32,740	30,430	33,870	39,200	34,940
June	41,830	32,680	30,160	37,620	38,310	33,970
July	41,380	33,040	25,510	41,000	33,120	31,980
August	41,060	33,340	29,090	39,700	33,510	33,540
September	42,100	32,460	31,750	39,040	29,560	
October	43,120	33,440	34,470	39,120	34,550	
November	43,710	33,280	36,410	36,730	32,500	
December	42,050	31,750	34,720	34,940	32,290	
Average	41,490	31,950	31,180	35,720	34,630	

Source: 1927-29 Census data; 1926 to date, (Data apply only to Census classification "Knit Underwear").

AVERAGE EMPLOYMENT PER PLANT

A report appeared in June 1933 by the American Knitwear Manufacturers Association (predecessor of Underwear Institute) contains a table showing average number of employees per plant. It is as follows:

TABLE XVIII

AVERAGE NUMBER OF EMPLOYEES PER PLANT
NUMBER OF FIRMS - NUMBER OF EMPLOYEES

YEAR	NUMBER OF FIRMS	NUMBER OF EMPLOYEES	WAGE EARNERS PER PLANT
1923	326	48,552	149
1925	298	48,328	162
1927	285	46,227	162
1929	251	41,487	165
1931	213	31,360	147
1934 (a)	531 (a)	60,000 (a)	113 (a)

Source: American Knitwear Manufacturers Association.
(a) Estimated figures of Code Authority - Letter dated 3/19/35, N. R. A. files.

EMPLOYMENT AND PAYROLLS BY STATES

The following figures, taken from the reports of the Census of Manufacturers, presents a comparison of employment and payrolls of the industry by states for the years 1929 and 1931. Attention is called to the fact that these figures include only those of the firms reporting to the Bureau of Census, and therefore, do not indicate the totals for the industry.

According to these fugures approximately 66% of all employees are employed by firms located in the Northern area; 10% by firms in the Southern area; and the remaining 24% by firms in the census classification "Other States". The States of New York and Pennsylvania employ 30.4% and 16.4% respectively, or 46.8% of all employees. The State of North Carolina employs more than any other Southern state employing approximately 5% of the workers of the industry.

Payrolls records correspond with those of employment, 69% of the payrolls being received by employees working in the Northern States. Employees of Southern States receive 8% of the payrolls of the industry, and the remaining 23% is distributed among employees in "Other States".

The employees of the States of New York and Pennsylvania receive 31% and 17% respectively. North Carolina payrolls amounted to approximately 5% of the payrolls of the entire industry.

TABLE XIX

EMPLOYEES AND WAGES BY STATES

STATE	EMPLOYEES PER STATE		WAGES PER STATE	
	1929	1931	1929	1931
			(000)	(000)
Connecticut	1,192	724	$1,086	$ 569
Georgia	1,113	728	671	349
Massachusetts	2,691	2,057	2,560	1,776
Michigan	1,452	963	1,096	743
New York	12,615	8,551	10,208	6,370
North Carolina	2,458	2,026	1,497	1,112
Ohio	1,149	---	942	---
Pennsylvania	6,800	6,323	5,656	4,749
Tennessee	---	3,012	---	1,959
Utah	105	---	75	
Vermont	906	---	866	
Virginia	680	---	396	
Wisconsin	424	630	364	378
Other States	9,902	6,937	7,506	4,535
Totals	41,487	31,951	#32,928	$22,545

Source: Census of Manufactures

HOURS

The following data relating to hours was prepared from the Bureau of Labor Statistics data. In 1932 the average hours per week was 41.4 hours, and in 1933 the average dropped to 39.6. The 1934 average hours per week was 32.8 hours. This represents a decline of 20.5% and 17% respectively from the years of 1932 and 1933. This decrease may be attributed largely to the schedule of hours and the machine limitations provisions of the Code.

TABLE XX

AVERAGE HOURS PER WEEK

MONTH	YEAR						
	1926	1928	1930	1932	1933	1934	1935
January				37.9	40.4	28.9	32.5
February				41.2	44.2	33.3	34.2
March				41.3	38.5	35.0	34.4
April				38.0	39.8	35.7	34.6
May			40.6	37.3	43.9	35.0	33.3
June				39.9	46.5	34.2	31.0
July				33.7	48.0	30.9	32.2
August				37.6	36.8	30.0	34.0
September				45.4	34.6	32.1	
October	44.0			48.2	35.1	32.5	
November		43.4		50.1	34.7	32.4	
December				46.7	32.7	33.3	
Average				41.4	39.6	32.8	

Source: 1926-30 Bureau of Labor Statistics Bulletin No. 591; 1932 to date, B. L. S. in cooperation with NRA.

MAN-HOURS

The total man-hours per week reached a high of approximately 1,968,000 hours per week in July of 1933; low total man-hours per week occurred during July of 1932, being approximately 860,000 hours. Attention is called to the variation between the figures for July of 1933 and July of 1934.

TABLE XXI

ESTIMATED TOTAL WEEKLY MAN-HOURS

MONTH	YEAR			
	1932	1933	1934	1935
January	1,141,000	1,296,000	906,000	1,007,000
February	1,238,000	1,383,000	1,151,000	1,143,000
March	1,280,000	1,182,000	1,315,000	1,208,000
April	1,156,000	1,294,000	1,394,000	1,230,000
May	1,135,000	1,487,000	1,372,000	1,164,000
June	1,203,000	1,749,000	1,310,000	1,053,000
July	860,000	1,968,000	1,023,000	1,030,000
August	1,094,000	1,461,000	1,005,000	1,140,000
September	1,441,000	1,351,000	949,000	
October	1,661,000	1,373,000	1,123,000	
November	1,824,000	1,275,000	1,053,000	
December	1,621,000	1,143,000	1,075,000	

Average	1,305,000	1,414,000	1,14[illegible],000

Source: Bureau of Labor Statistics in cooperation with NRA

PAYROLLS

By using the figures of 1929 as a base equivalent of 100%, it is noted that the payrolls for the industry varied from a low of 39.9% in July of 1932 to 84.9% in April of 1934. The total average weekly payroll for July of 1932 was approximately $252,000; the total average payroll of the industry for April of 1934 was approximately $537,000. This is a variation of $284,000 per week or 113%. During 1934 the average weekly payroll was approximately $449,000 and in 1932 it averaged $372,000 per week, or a gain of 12% for the entire industry.

TABLE XXII

INDEX OF PAYROLLS
(1929 = 100%)

MONTH	YEAR						
	1927	1929	1931	1932	1933	1934	1935
January			58.4	59.2	53.9	57.0	62.6
February			65.4	57.6	53.7	71.6	70.8
March			68.3	59.0	48.9	80.5	74.2
April			69.8	52.9	51.8	84.9	76.6
May			69.1	54.2	57.9	84.7	73.4
June			69.2	54.7	68.4	79.4	70.0
July			69.4	39.9	77.1	65.1	64.1
August			71.5	51.0	84.6	65.7	70.9
September			69.1	61.7	81.7	58.5	
October			72.6	71.8	82.8	70.4	
November			72.0	75.3	75.4	66.0	
December			66.9	68.6	70.4	67.2	
Average	119.0	100.0	68.5	58.8	67.2	70.9	

Source: 1927-29 Census of Manufactures; 1931 to date, Bureau of Labor Statistics, in cooperation with NRA, and adjusted to 1935 Census Total by NRA.

TABLE XXIII

ESTIMATED WEEKLY PAYROLLS

MONTH	YEAR						
	1927	1929	1931	1932	1933	1934	1935
January			$369,500	$374,700	$341,900	$360,600	$396,600
February			414,200	364,800	339,800	453,400	448,200
March			432,600	373,300	309,600	509,500	470,000
April			441,700	334,900	328,100	537,700	484,800
May			437,700	343,400	366,600	536,200	464,800
June			437,900	346,300	432,900	503,000	443,400
July			439,300	252,800	438,300	412,100	405,700
August			452,800	322,900	535,500	416,200	449,200
September			437,800	390,900	517,200	370,300	
October			459,400	454,800	524,100	445,800	
November			456,100	476,500	447,100	417,700	
December			423,300	434,400	445,800	425,600	
Average	$753,500	$633,200	$433,500	$372,500	$425,600	$449,100	

Source: 1927-29 Census of Manufactures; 1931 to date, Bureau of Labor Statistics in cooperation with NRA, data apply only to Census Classification "Knit Underwear."

AVERAGE HOURLY WAGE

The average hourly wage per employee in 1932 was approximately $.273 and in 1934 it was $.398, a gain of $.125, or 14.6%. The average earnings per hour increased from $.232 in April of 1932 to $.410 in August of 1934. This is a variation of $.178 per hour, or 77%.

The above figures clearly indicate the wage increases received by the employees of the underwear industry. Since the employees of this industry are practically non-organized, wage increases must largely be attributed to the effects of the Code.

TABLE XXIV

AVERAGE HOURLY WAGE (CENTS)

MONTH	YEAR						
	1926	1928	1930	1932	1933	1934	1935
January				31.3	24.7	39.4	41.0
February				28.8	24.7	39.1	40.8
March				28.1	24.7	38.7	41.0
April				28.2	23.2	38.8	38.7
May			35.7	27.2	23.9	38.9	39.4
June				27.7	24.4	38.5	40.1
July				25.4	25.2	40.7	39.9
August				26.8	36.8	41.0	40.4
September				26.3	38.5	40.8	
October	37.8			26.8	38.8	40.4	
November		35.4		25.2	38.6	40.3	
December				25.2	39.9	40.5	
Average				27.3	30.3	39.8	----

Source: 1926-30, Bureau of Labor Statistics, Bulletin No. 591, 1932 to date, Bureau of Labor Statistics in cooperation with NRA.

AVERAGE WEEKLY WAGE

The average weekly wage per employee in 1932 was approximately $11.79, and in 1934 this figure was $13.15, representing an average gain to each employee of 11.1%. The greatest variation during this period occurred between the months of July of 1932 and April of 1934. The average figure for July 1932 was $9.84 per week and in April of 1934 it was $13.97, a variation of $4.13 per week per employee, or 42% increase in the average weekly wage.

TABLE XXV

AVERAGE WEEKLY WAGE

MONTH	YEAR									
	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January						$13.28	$12.39	$10.56	$11.57	$13.04
February						13.70	12.13	10.68	13.31	13.82
March						13.88	12.04	10.29	13.74	13.92
April						13.78	10.98	10.29	13.97	13.39
May					14.50	13.30	11.24	10.88	13.89	13.15
June						13.33	11.42	11.57	13.33	13.31
July						13.22	9.84	11.95	12.62	12.89
August						13.49	11.00	13.61	12.61	13.68
September						13.39	12.23	13.37	12.81	
October		16.63				13.62	13.08	13.46	13.23	
November			15.36			13.58	12.83	13.07	13.28	
December						13.29	12.24	12.84	13.45	
Average	$16.30		$15.26			$13.49	$11.79	$11.88	$13.15	

Source: 1926-28-30, Bureau of Labor Statistics, Bulletin No. 591, 1927 and 1929 Census; 1932 to date, Bureau of Labor Statistics in cooperation with NRA - data only apply to Census classification, "Knit Underwear".

SEASONALITY

In 1929 employment in the underwear and allied products industry varied from 38,330 employees, or 92.4% in January, to 43,710 employees, or 105.4% in November. Production for 1929 varied from 86.0% during December 60 117.5% in October, and the shipments ranged from 79.8% in January to 131.0% during October.

During 1931 the low employment figures were reported in January when 27,660 employees, or 66.7% of the 1929 level were employed, while in October employment reached a peak of 33,440 employees, or 80.6%. Weekly payrolls in 1931 ranged from an average of $369,500, or 58.4%, in January to $459,400 during October. Production during this year varied from 68.1% in January to 97.4% in March. Shipments for this same period ranged from 72.4% in December to 111.4% in September.

In 1932 employment varied from 25,510 employees in July to 36,410 during November, or from 61.5% to 87.8%, according to the index of employment. Payrolls during July averaged $252,800 per week to $476,500 in November, or a variation from 39.9% to 75.3%. Production figures show that the "peak" was in November, being 106.6% while the "low" occurred during July, 55.4%. Shipments meanwhile ranged from 118.8% in September to 52.5% in July.

In 1933, employment in the month of March averaged 30,710 employees, or 74.0%, and in July it raised to 41,000 employees, or 98.8%. Payrolls in March averaged $309,600 or 48.9% and in October reached a "high" of $524,100 per week. Production varied from 76.0% in December to 130.6% in June. Shipments ranged from a "low" of 61.1% in December to 163.2% in July.

During 1934 employment in September was 29,560 employees, or 71.2%, while in April it reached 39,050 employees, or 94.1%. Payrolls in 1934 averaged $360,600 per week in January, or 57.0%, and $537,700 per week in April, or 84.9%. Production figures reported the "high" in May, 115.8% and the "low" in 72.5%. Shipments in 1934 ranged from 69.7% in December to 104.3% in March.

Figures for 1935 are reported for as late as September. Employment figures indicate that the "high" occurred in April, showing 35,550 employees, or 85.7%, and the "low" in January, 30,980, or 74.7%. Weekly payrolls averaged $484,800 in April to $396,600 in January, or 76.6% or 62.6% respectively. Production varied from 80.6% in July to 113.3% in May, while shipments ranged from 77.1% in July to 105.5% during May.

The following table is a recapitulation of the maxima and minima of employment for the years 1929, 1931, 1932, 1933, 1934 and up to September 1935.

The "peaks" and "low" of employment did not always occur during the same months of the respective years, thus, not only is employment highly seasonal, but the seasons do not occur always at the same time, making difficult careful planning, coordination of production, and attempts to smooth out seasonality and decrease the bad effects on labor from this cause.

TABLE XXVI

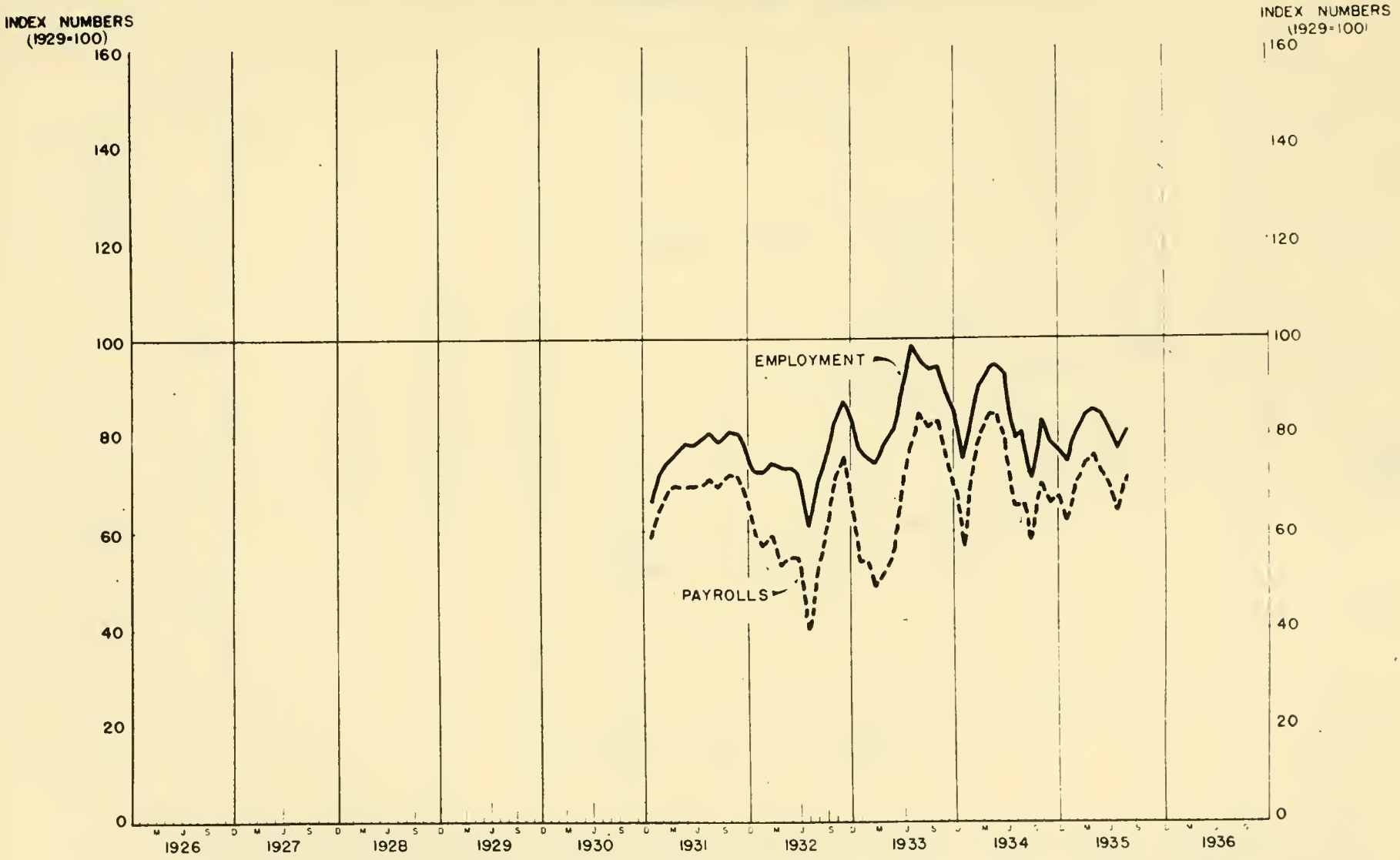
VARIATION OF EMPLOYMENT INDEX

Year	High		Low		Average Index	Index Variation
	Month	Index	Month	Index		
1929	November	105.4	January	92.4	100.0	13.0
1931	October	80.6	January	66.7	77.0	14.1
1932	November	87.8	July	61.5	75.2	26.3
1933	July	98.8	March	74.0	86.1	12.1
1934	May	94.5	September	71.2	83.5	12.3
1935	April	85.7	January	74.7	-----	11.0

Source: Bureau of Labor Statistics in cooperation with NRA.

UNDERWEAR AND ALLIED PRODUCTS

INDEX OF EMPLOYMENT AND PAYROLLS



SOURCE: BUREAU OF LABOR STATISTICS IN COOPERATION WITH N.R.A.
ADJUSTED TO 1933 CENSUS BY N.R.A.

N. R. A.
DIVISION OF REVIEW
STATISTICS SECTION
NO. 396

UNDERWEAR AND ALLIED PRODUCTS

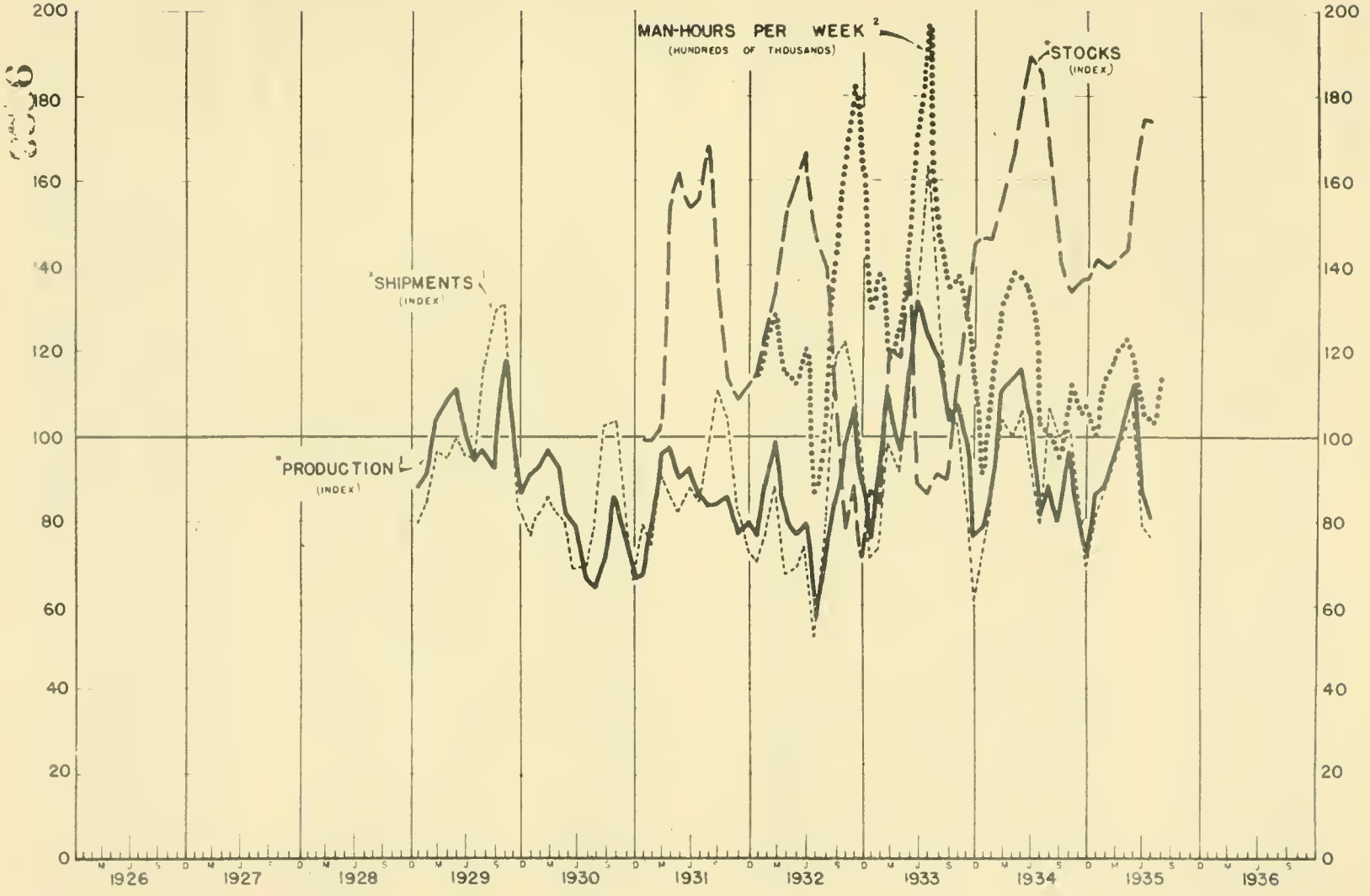
HOURS AND WAGES

SOURCE BUREAU OF LABOR STATISTICS IN COOPERATION WITH N R A

NRA
DIVISION OF REVIEW
STATISTICS SECTION
NO 393

UNDERWEAR AND ALLIED PRODUCTS

SHIPMENTS, STOCKS AT END OF MONTH, PRODUCTION, AND ESTIMATED MAN-HOURS



SOURCE: [1] PRIOR TO JULY 1933 DATA BASED UPON BUREAU OF CENSUS. JULY 1933 AND LATER, DATA FROM UNDERWEAR INSTITUTE

[2] ESTIMATE BASED UPON BUREAU OF LABOR STATISTICS DATA.

NRA
DIVISION OF REVIEW
STATISTICS SECTION
NO 394

CHAPTER V

CODE AND CODE ADMINISTRATION

FORMULATION OF CODE

The underwear and allied products industry operated under the Cotton Textile Code for the period from July 21, 1933, until September 18, 1933. During this period a Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry was sponsored by the Underwear Institute. This association represented approximately eighty-five per cent (85%) of all members of underwear industry.

All of the members of the underwear industry were invited to attend a general industry conference in Washington, on July 19, 1933. At this meeting the code, drafted by the Underwear Institute, was submitted to the members of the industry present for discussion and approval, before submitting the proposed code to NRA for its approval. Approximately 250 members or about 50% of the industry attended this meeting. A public hearing on the proposed code was scheduled and held by NRA on August 10 and 11, 1933, at Washington, Deputy Administrator A. D. Whiteside presiding. All interested parties were given an opportunity to be heard.

The Code presented was similar to the Cotton Textile Code. During the course of the hearing of August 10 and 11, 1933, various protests were made, principally with respect to provisions relating to definitions and labor. No serious problems arose concerning proposed trade practice provisions.

LABOR PROVISIONS

The representative of the Labor Advisory Board of the National Recovery Administration objected to several of the labor provisions of the proposed code. The main objections were raised concerning the provisions establishing a North-South wage differential, a 40 hour week, and special exemption for "learners" and so-called "privileged" operators.

The representative of the Labor Advisory Board stated that the North-South wage differential was granted the cotton textile industry because many establishments in that industry provided cheap living conditions for their employees, low rentals, commissaries, etc., and that the underwear industry did not furnish its employees with these facilities and were therefore not entitled to such a differential. The manufacturers claimed that this differential should be granted in order to offset the advantages of Northern manufacturers benefitted on the cost of freight shipment due to their nearness to large buying markets.

The Labor Advisory Board representative protested against the provision providing for a forty-hour (40) week. It was claimed that in order to re-employ the unemployed skilled workers of this industry it would be necessary to have a 35-hour work week. A request was also made for a five-day work week. The manufacturers protested against this limitation, claiming that production warranted a forty-hour week for sewing machines and a "eighty-hour" week for knitting machines.

When the code was approved it did contain provisions for a forty-hour week for sewing operations and an eighty-hour week for knitting operations.

The code of Fair Competition for the Underwear and Allied Products Manufacturing Industry was approved September 18, 1933 by Executive Order of the President.

ADMINISTRATION OF THE CODE

CODE AUTHORITY REPRESENTATION

Article IV, Section 1, of the Code provided for the establishment of an Industry Committee to cooperate with the Administrator. It was as follows:

> "1. To effectuate the policies of the Act, an Underwear and Allied Products Manufacturing Industry Committee is hereby set up to cooperate with the Administrator as a planning and fair practice agency for the Underwear and Allied Products Manufacturing Industry. This Committee shall consist of six representatives of the Underwear and Allied Products Industry, duly elected by the members of the Underwear Institute, and three members without vote appointed by the President of the United States. The Industry Committee may from time to time present to the Administrator recommendations based on conditions in the Industry as they may develop from time to time which will tend to effectuate the operation of the provisions of this Code and the policy of the National Industrial Recovery Act. Such recommendations, when approved by the Administrator, shall have the same force and effect as any other provisions of this Code." (*)

Due to the many divisions of the industry the above provision proved inadequate and as a result the code was amended in order to provide equal representation. The amendment proposed by the Industry Committee was approved May 10, 1934. It was in part as follows:

(*) Code of Fair Competition for Underwear and Allied Products Manufacturing Industry - Part IV - Section . Codes of Fair Competition as approved, Government Printing Office, Volume I, Page 309.

"1. (a) To effectuate the policies of the Act, a Code Authority is hereby set up to cooperate with the Administrator as planning and fair trade practice agency for the Underwear and Allied Products Manufacturing Industry. The Code Authority shall consist of nine (9) members representing the Industry, eight (8) to be duly elected by the Institute and one (1) to be elected by the members of the Industry who are not members of the Institute, provided that the method of election shall be subject to the approval of the Administrator. The eight (8) members of the Code Authority to be elected by the Institute shall be elected from the following groups:

"Two members from Division I, which includes Fabric Manufacturers in Groups 1, 2, 3, and 4, as named in Part III, Section 2, Sub-Section (a) of this Code; provided that one of said members shall be elected from Group 2.

"Three members from Division II, which includes concerns engaged in making garments from various fabrics, provided that there shall be one member from Group 10, one from Group 11, and one from Group 12, as named in Part III, Section 1, Sub-Section (a) of this Code.

"One member shall be the Managing Director of the Institute.

"One member shall be the President of the Institute.

"One member shall be the immediate Past President of the Institute.

"(b) In addition to membership as above provided, there may be not more than three (3) members, to serve without expense to the Industry and without vote, to be appointed by the Administrator, to serve for such term as he shall specify." (*)

(*) Code of Fair Competition for Underwear and Allied Products Manufacturing Industry - Amendment No. 2, approved May 10,1934, Code Authority Organization and Financing. Codes of Fair Competition, as approved, Government Printing Office - Volume X ...Page 535

Pursuant to the above Amendment, the following members of the Industry were approved as industry members of the Code Authority: (*)

S.P. Hall - President of the Underwear Institute.
E.J. McMillan - Immediate Past President of the Institute.
Roy A. Cheney - Managing Director of the Institute.
P.H. Hanes - Division I, Group 1.
E.P. Van Vliet - Division I, Group 2.
Ralph Jones - Division II, Group 10.
Arthur M. Reis - Division II, Group 11.
T.H. Mueller - Division II, Group 12.

No Code Authority representative was ever elected by the members of the industry who was not a member of the institute.

On December 11, 1933, Mr. H.B. Ludlum, Jr. , was appointed Administration Member of the Code Authority. He resigned February 17, 1934, and to take his place John W. Powers was appointed February 21, 1934, resigning effective January 29, 1935.

The Code Authority of the Underwear and Allied Products Manufacturing Industry was well organized and was composed of able members of the industry. Various sub-divisions of the industry were organized for the purpose of promoting cooperation and compliance. The functions of the Code Authority staff were under the direction of an executive secretary, who was also Managing Director of the Underwear Institute. The Code Authority staff was departmentalized as follows: Compliance, Research and Planning , and Executive.

Although the organization of the Code Authority was in accord with the provisions of the code, its actual functions were conducted in the manner of an ordinary trade association.

CODE AUTHORITY FINANCES

The code provided that the expenses of the Code Authority be borne proportionately by all members of the Industry. (* *)

(*) Administrative Order 25-16 approved June 6, 1934. Codes of Fair Competition, as approved, Government Printing Office - Volume X ... Page 335.

(**) Amendment No. 2, approved May 10, 1934, Part IV, Section 1, Sub-Section "h". supra.

The basis of contribution determined upon was as follows:

	CLASS AND SALES			DUES PER YEAR
A.	Up to $50,000			$ 54.00
B.	$50,000	to	$ 100,000	81.00
C.	$100,000	to	250,000	162.00
D.	$250,000	to	500,000	324.00
E.	$500,000	to	750,000	486.00
F.	$750,000	to	1,000,000	648.00
G.	$1,000,000	to	1,250,000	810.00
H.	$1,250,000	to	1,500,000	918.00
I.	$1,500,000	to	2,000,000	1,026.00
J.	$2,000,000	to	2,500,000	1,134.00
K.	$2,500,000	to	3,000,000	1,242.00
L.	$3,000,000	and	Over	1,350.00 (*)

In practice however, the Code Authority was financed by an allocation of part of the funds collected by the Underwear Institute on a "voluntary" basis. No formal NRA approval of its budget and basis of assessement was therefore necessary. The institute allocated 90% of its $90,000 yearly income to the Code Authority for the purpose of the administration of the Code. Such "voluntary" financing of a Code Authority had advantages to any industry or trade association who did not like too close regulation by the Government.

LABELS

Nearly all of the Codes of the apparel industries had mandatory clauses requiring that all garments made under Code conditions should bear a Blue Eagle label insignia. This device served two purposes:

1. The Code Authority was readily financed by the sale of labels.
2. The label provided an effective enforcement device.

On July 13, 1934, Amendment No. 4 was approved for the underwear and allied products industry. That amendment contained the following provision:

> ".....all products except knitted underwear, manufactured and distributed under the provisions of this code, may bear an NRA label which, when used, shall be firmly attached to such products....."

(*) See Administrative Order No. 23-16, dated May 15, 1934. NRA files.

It is interesting to note that the above provision is in no way mandatory, and, despite the fact that it contains permissive language, it nevertheless denies even the permissive use of labels to those members of the industry manufacturing knitted underwear. This peculiarly phrased amendment indicates a peculiar attitude on the part of a certain group in the industry. Note that the controlling factors having a preponderance of the voting power in the Code Authority were members of the knitted underwear division.

COMPLIANCE

The following report lists the number of compliance cases docketed with the field office of the Compliance Division of NRA from November 11, 1933 to May 27, 1935. (*)

	Trade Practice	Labor
Date of earliest complaint	2/3/34	11/11/33
Total docketed	7	463
Total adjusted	3	249
No violations found	3	163
Bookkeeping rejections	1	22
Referred to District Attorney	0	0
Federal	0	0
State	0	8
Compliance or Regional Office	0	0
Code Authority, prior to June 15, 1935	0	0
NRA Insignia removed (service trades)	0	21
Cases on hand May 27, 1935	0	0

Approximately 98.5% of all complaints docketed were those relating to violations of the labor provisions of the Code, the remaining 1.5% were violations of trade practice provisions.

It is noted that 249 labor complaints or 58.8% were adjusted, in 163 cases no violations of labor provisions were found.

INTERPRETATIONS

By Administrative Order No. 23-09 issued March 9, 1934, (NRA files), Part II, Section 4, Sub-sections (a) and (b), of the code were so interpreted as to prohibit deductions by an employer for faulty work with the effect of reducing an employee's pay to an amount below the minimum specified by the code.

On January 11, 1935, Order No. 23-24 (NRA files) was interpreted Part I, Section 1 (e) of the Code to mean that members of the industry manufacturing infants' and children's underwear, and also coming within the definition of the infants' and children's wear code, had the right to elect which of the two codes they chose to operate under. Once made, however, such election was final and irrevocable.

(*) NRA Files

MAJOR PROBLEMS OF CODE ADMINISTRATION

On May 22, 1934 an Administrative Order (*) was issued for the Cotton Textile Industry curtailing the production of cotton spindles. The manufacturers of cotton underwear who spin yarn for their own use, were affected by this curtailment and immediately applied for an exemption from the provisions of this order. This exemption was denied on June 13, 1934. These manufacturers made further application for reconsideration of their petition, and a committee was selected to hold conferences and to make recommendations.

A meeting between members of the Cotton Textile Code Authority and members of the Underwear and Allied Products Code Authority was held in New York City on June 27, 1934. At this meeting the respective members came to an agreement and transmitted it to NRA for approval. After carefully examining the evidence presented, NRA issued an Order (1-80), dated July 26, 1934, (NRA Files), granting an exemption to members of the underwear industry from the curtailment of production order mandatory on the cotton textile industry.

The controversy between the underwear industry and the cotton garment industry was due to the classification of polo shirts. In order to clarify this problem the NRA issued an Order (23-30), dated May 12, 1935, (NRA files), granting limited exemption from the provisions of Part III, Section A of Code No. 118; and also Administrative Order No. 23-31, dated May 12, 1935, granting exemption to members of the Underwear and Allied Products Industry engaged in production of knitted polo shirts from provisions of Code No. 118 subject to compliance with all provisions of Code No. 23 for period from April 1, 1935 to June 16, 1935.

These orders were merely to grant temporary relief. Definite disposition of the controversy was to have been determined during the life of the exemptions. A hearing was scheduled to have been held June 15, 1935 to consider the problem. This hearing was never held because of the Supreme Court decision voiding the Codes.

In order to limit controversies between the knitted underwear industry, and the underwear and allied products industry, accredited representative of the respective Code Authorities on June 1, 1934, met in the offices of the knitted outerwear Code Authority and reached the following agreement:

> A. The words "garments made in underwear mills from fabrics made on underwear machines" as used in the Underwear Code shall be deemed to mean all fleece-lined garments and cotton produced on the Tompkins machine.

(*) Codes of Fair Competition, as approved, Government Printing Office, Volume X page 980

B. That all knitted underwear products made in underwear mills are included in the definition of Industry as stated in the Knitted Outerwear Code.

C. That the problem presented by the so-called "full-process" mills be treated as follows:

1. List of all mills.

2. That these mills comply in fact with the wage, hour, labor, and trade practice provisions of the Knitted Outerwear Code insofar as their full process garments are concerned.

3. That the compliance inspectors for the Knitted Outerwear Code Authority be deputized by the Underwear and Allied Products Industry Code Authority to make the necessary investigations to observe and assure compliance with the sub-division (2) of this paragraph.

4. That the Underwear and Allied Products Industry obtain such data and reports from these mills as required by other outerwear mills, and transmit such data and information to the Knitted Outerwear Code Authority.

5. That an allowance be made to the Underwear and Allied Products Industry out of the monies received from labels issued to these mills on account of its cost of supervision and enforcement as provided for herein.

This plan was not formally approved by NRA, though in practice it provided an effective working basis for the settlement of jurisdictional disputes.

In order to eliminate classification difficulties arising between the underwear and allied products Code and the undergarment and negligee Code, the following agreement was proposed by the Underwear Code Authority, though never formally accepted by the Undergarment Code Authority, nor formally approved by NRA:

"Whereas some of the members of each of the above industries, as defined in the Codes of Fair Competition respectively applicable thereto, are engaged to a minor extent in the manufacture of products falling within the definition of the Codes relating to other or said Industries; and

Whereas, it is deemed to be in the interest of efficient and orderly production and business administration that such members should be subject to the immediate supervision of but one Code Authority as to their duties and responsibilities under said codes;

It is now, therefore, agreed that:

1. Such members shall in the manufacture of such minor products comply with any wage, hour, labor and trade practice provisions prescribed by the codes respectively applicable thereto.

2. Each Code Authority shall report to the other promptly upon ascertainment of any member of its industry who is also engaged in the manufacture of products subject to the Code for the other industry.

3. The compliance affected for each Code Authority shall be and are hereby deputized by the other Code Authority to make, in behalf of the latter and at its request, as to those concerns whose principal products fall within the jurisdiction of the former, the necessary investigation to ascertain compliance with said paragraph 1 above.

4. The Undergarment and Negligee Code Authority shall supply the Underwear and Allied Products Code Authority, upon its request, from time to time, with the necessary labels, Code Eagles and forms relating thereto; and the latter Code Authority, upon obtaining proper execution of said forms, shall in turn distribute said labels and Blue Eagles to members concerned for proper use in connection with their manufacture and sale of products subject to the Undergarment and Negligee Code, and as required by the provisions thereof; and shall make the necessary collections for same, and after deduction 10% thereof as an allowance for administrative cost, account for and remit the remainder thereof monthly to the Undergarment and Negligee Code Authority.

5. Each Code Authority shall, upon request and specification of the other, obtain data and reports from members whose principal products are subject to its jurisdiction, and such data and reports relating to their minor products as the other Code Authority required, from concerns whose principal products are subject to its jurisdiction.

6. Complaints of violations of any of the provisions of either Code from a member manufacturing only minor products thereunder shall be referred to the Code Authority having jurisdiction over said member's major products, for investigation and report of effect ascertained. In case such Code Authority shall fail or refuse seasonably to make such investigation, then the requesting Code Authority may proceed directly therewith. The necessary and proper expenses incurred in the investigation of the complaint so referred, together with a per diem proportion of the investigator's salary, shall be charged to and paid for by the Code Authority requesting the same."

Other minor jurisdictional controversies arose concerning paper boxes, and manufacturers operating their own dye houses. These, however, were readily disposed of by the granting of exemptions.

CIRCULAR KNITTERS CONTROVERSY

The underwear code as originally proposed in the summer of 1933 provided for the inclusion therein as members of the industry all those who knitted fabrics on circular knitting machines. The reason for such inclusion was because a large number of underwear manufacturers knitted their own fabrics on circular knitting machines. These circular knitters, however, who merely knitted the fabric and did not make undergarments, objected to coming under the code. This group was composed of:

Industrial Rayon Corporation
Tubize Chatillon Corporation
Celanese Corporation of America
The Arcadia Knitting Mills
Princeton, Incorporated
Bethlehem Knitting Mills
Stratford Knitting Mills
Merton Rayon Mills, Incorporated
Weil Ralter Manufacturing Company

These firms at that time principally objected to the code provision limiting machine hours to two shifts of 40 hours each per week.

As finally written, the Code covered as members of the industry the manufacturers of "any and all fabrics sold or used mainly for underwear purposes made on ****** circular knitting machines."

The Executive Order approving the code, however, stayed the entire code as to all circular knitters for a period of fourteen days, at the end of which time a hearing on the question was held. At this hearing (*) the circular knitters advanced the following reasons for not being included in the code:

(*) Memo 10/18/33 - M. Harned to H. B. Ludlum

1. The circular rayon knitters require longer machine hours than are provided in the code, to fill the demand for their products.

2. The circular knit fabric is used by other manufacturers besides those in the Allied Underwear and Products Industry.

3. It is not fair that the underwear manufacturers should regulate the activities of the circular knitters, because a customer should not be in a position to regulate the business of the supplier.

4. Underwear manufacturers are not acquainted with the problems of circular knitters and so cannot intelligently regulate their activities.

The Underwear Institute submitted the following reasons why the exemption should not be granted:

The decision as to whether the first objection should be recognized as a valid reason should be based on the statistics as to the productive capacity of the industry. The Code Authority presented the following figures:

Members	Machines	Per cent
Underwear Manufacturers	1,500	30
Fabric Manufacturers	1,708	35
Total	3,219	65
Non-Members		
Yarn Producers	649	13
Fabric Manufacturers	1,109	22
Total	1,758	35
Total in the Industry	4,977	100

The yearly capacity of the above machines when operating 80 hours per week, with a 15% allowance for non-use, repairs, etc., was estimated at 43,247,000 pounds.

The rayon actually used by the circular knitters each year for the past five years was as follows:

1928	33,440,000 pounds
1929	42,320,000 pounds
1930	40,120,000 pounds
1931	43,790,000 pounds
1932	32,890,000 pounds

The Code Authority claimed, from a consideration of these figures, that two 40-hour shifts are sufficient to supply the needs of the industry.

With reference to the second objection, it was brought out in the hearing that approximately 80 to 90 per cent of all circular knit rayon fabric, produced by the proponents of the exemption, is used by the underwear and allied products industry. The other 10 to 20 per cent is used by the cutting up trade in dresses, millinery, ties, etc.

As to the third and fourth objections, it should be noted that 30 percent of the productive capacity of the circular knitters is installed in underwear mills and 65% in mills which are members of the Underwear institute and would subscribe to the Underwear Code.

It was the opinion of the Assistant Deputy Administrator, (*) that if the above statistics were accurate, the circular knitters should be retained under the Underwear and Allied Products Code for the following reasons:

1. The present machine hour provisions of 80 hours per week appear to be sufficient for the [illegible] industry. More accurate data was necessary in regard to productive capacity before making a final decision.

2. The small percentages (10% to 20%) of the total output of the knitters, which is sold outside the underwear industry, was not a valid reason for exemption from the Code.

3. Mills with 65% of the productive capacity for knitting circular rayon were satisfied to stay under the present Code.

4. If an exemption was granted and a separate code established for circular knitters, it would be necessary for all underwear mills, which do circular knitting, to operate under two codes. This was not desirable.

The Research and Planning Division, on 11/18/33, (**) attacked the machine hour limitations provision of this code claiming that under

(*) Memo dated 10/18/33 from M. Harned to A. B. Ludlum, Jr. (NRA files)
(**) Memo from Victor Von Szeliski (NRA files)

the NIRA the proponents of limitation must show that such provisions are a social benefit to labor resulting from a transfer of volume of business from one group of plants to another. It was stated the only social benefit from this provision was the abolition of the "Graveyard" shift.

This memorandum pointed out that as rayon goods were enjoying rapid increase in demand, sufficient flexibility should be allowed for taking care of an increase in demand. Possible methods of providing this flexibility were suggested:

1. Permit purchase of product from competitors at greater discount.

2. A system of fines for running overtime, fines adjusted so there would be no incentive to operate overtime but not too high to prohibit operations if necessary.

On December 4, 1933, the Assistant Deputy reversed his position (*) and recommended that the circular knitting industry be kept entirely separate from the underwear manufacturing industry and that they be granted a separate code.

Pursuant to a hearing an Administrative Order (23-2) was issued granting a further stay of this section for an indefinite period. Six months later, to wit, on May 14, 1934, (Order 23-15), H. O. King, thenDivision Administrator, lifted the stay as to everything except the provisions in the Code as to limitations of machine hours. Even that provision, however, was lifted as to the knitters of cotton on circular knitting machines.

Thereafter, a group of the circular knitters continued to maintain they were not properly under the code and refused to comply in any respect therewith, throughout the entire code period.

The Code Authority did, during the year 1934, succeed in bringing some of the circular knitters to a consent to be bound by the Code and did not experience much difficulty with these. In bringing them around to its point of view, it had to resort in two or three instances to filing suits against them and obtaining certificates of compliance and consent decrees as part of the settlement of such suits. About seven or eight knitters, however, never agreed to run under the code.

This latter group, headed by Industrial Rayon Corporation of America, includes the Arcadia Knitting Mills, who knit principally cotton on their circular knitting machines. In March or April of this year, the Government brought a criminal action against the owners of the Arcadia Knitting Mills (**).

(*) Memo dated 12/4/33 from Assistant Deputy M. Harned to the Deputy (NRA files).

(**) Memo dated 5/9/35 - Acting Division Administrator, M. D. Vincent to Code Administration Division, Prentiss Coonley (NRA files).

At a conference held by the Deputy the attorney for Arcadia suggested that the suit might be settled amicably and without further ado if the administration would consent to these circular knitters making their report direct to the NRA, rather than to the Code Authority with examination of their books and records confined to NRA representatives, rather than to those of the Code Authority, and that in all other respects members of this group be relieved of the jurisdiction of the Code Authority and be subject directly to the jurisdiction of NRA.

Arcadia, of course, wanted the case settled, but they spoke not only for themselves, but also for the other circular knitters who refused to comply because they objected strenuously to making reports to the Code Authority and to permitting the latter to inspect their books and records.

The attorney for the group stated that he believed, in return for such a concession, Arcadia, and other members of the group would be willing:

1. To sign a consent decree in the current case.

2. To obtain from all other non-complying circular knitters a written statement to the effect that they would permit NRA to inspect their books from October 1933 to date, with a promise that if such inspection disclosed the payment during that period of any wages lower than the minimum set by the Code, that they would agree ahead of time to make restitution thereof.

3. To obtain written certificates of compliance for the future from all non-complying circular knitters.

4. That the stay of the machine hour provisions as to circular knitters of rayon be lifted immediately, putting this group on an equal basis with other members of the Industry.

The Code Authority registered vigorous objection to any settlement of this case which would in any way restrict the jurisdiction (theoretical or actual) of the Code Authority. Specifically, they demanded that this group of manufacturers bear the same relationship to the Code Authority as other members of the industry and that they file reports and submit to investigation. They demanded that the Administration have the courage to enforce is decisions.

In addition, the Code Authority claimed that if preferred treatment were granted this group, every other group in the Industry would be entitled to similar treatment, and that if this course were once initiated and followed to its logical conclusion nothing would be left of the Underwear and Allied Products Code, the industry having disintegrated into a large number of loosely organized groups reporting in a haphazard manner directly to the NRA.

The foregoing summarizes briefly the situation. At the time of the Supreme Court decision the Administration was faced with two alternatives:

1. To enforce the order of Division Administrator King, or

2. To effectuate a compromise settlement and risk a breakdown of the Code.

CODE ADMINISTRATION SHORTCOMINGS

By and large, the underwear code does not afford an instance of effective Code Administration, a fact mainly attributed to the indifference of the Code Authority in the fulfillment of its obligations. Compared with other apparel code authorities, labor compliance was especially ineffective. A very small staff of inspectors was maintained and factories were inspected at infrequent intervals. Such instances of non-compliance as were brought to light were not handled vigorously.

Nor was the Code Authority much more punctilious in meeting the obligations imposed upon it by NRA, as indicated by their failure to take proper steps to obtain NRA approval on a large number of formal matters to which most Code Authorities gave prompt attention. Moreover, although the institute was empowered to collect statistical information they were reluctant to furnish the Administration copies of many of their special reports. (*)

It is the opinion of some NRA executives that basically these shortcomings were a result of the fact that the underwear industry as a whole was not greatly in sympathy with the aims of NRA. Many members of the industry used to exist on cheap labor, and NRA threatened their advantage in that respect. A significant portion of the industry is controlled by financial interst, and many members incline toward extreme individualism. These groups tended to chafe under regulations imposed upon them. The Code Authority, largely controlled by the Underwear Institute, reflected this attitude.

The situation was not helped by the handling by NRA. During its life, this Code came under the supervision of 6 Division Administrators, 4 Deputy Administrators, and 3 Assistant Deputy Administrators. Continuity of policy was thus made difficult, and NRA lost much of its influence with the Code Authority, without which little effective control might be exercised.

(*) Experience of both W. A. Gill and George Jones of the Industry Statistical Reporting Unit of Research and Planning.

CHAPTER VI

EFFECTS OF THE CODE

BENEFITS TO LABOR

Labor benefitted most from the Underwear and Allied Products Code. In this almost wholly unorganized industry nearly all such benefits must be attributed to the code.

During the depression the pre-code employment index had declined to 75.2% for the year 1932 and a low of 61.5% of the 1929 level in July of 1932, at which time it is estimated that there were 25,500 employed in the industry compared with a 1929 level of 41,490. As a result of changed business conditions, and even more because of shortening of the work week from an average of 41.4 hours in 1932 to 32.8 in 1934, under the code. Employment was increased roughly 10 per cent during the code period, resulting in an index of 86,1 for 1933 and 83.5 for 1934.

Before the code, a definite trend of wages toward unsocial levels was in progress as evidenced by the fact that in April 1932 the average hourly wage rate had declined to 23.2 cents per hour, yielding an average weekly wage of $9.84. Since these figures are averages-in many plants, wages must have been considerably below these figures, it being conceivable that the effects of even the small amount of unionization in some areas and high principles of some manufacturers would have necessitated higher wages in many plants.

Wages must have approached $5.00 per week in many plants of this Industry as they had in some of the other textile and apparel industries.

The average hourly wage rate for the industry was nearly 40 cents per hour, yielding an average weekly wage of $13.15 for 1934. This represents an improvement of 72.5 per cent over the April 1932 low wage rate and 33.7 per cent over the low average weekly earnings. Increases for some of the very low paid employees must have been well over 100 per cent.

BENEFITS TO THE INDUSTRY

In a highly standardized product like underwear in a depression period, prices tend to reach the level at which only the most efficient producer can make a profit, since they are cut to the bone in efforts to obtain volume of business in order to keep overhead costs low. The Underwear and Allied Products Code in establishing a floor, represented by the fixed labor cost of the minimum wage, benefitted many of the higher type manufacturers since the unscrupulous would hesitate longer to cut prices with the expectation of chiseling on labor. The code, therefore, strengthened prices and had a beneficial psychological effect upon the Industry as a whole.

Both the manufacturers and the employees became more united because of the code. The manufacturers through the trade association; namely, the Underwear Institute, and labor through the respective trade unions.

The effects of, and any possible benefits to the industry due to the machine hour restrictions were largely frustrated by the Administrative difficulties arising out of poor definitions and the circular knitters controversy, both of which considerably weakened the administration of the code.

EFFECTS OF CODE ABOLITION

No tendency to reduce wages or lengthen hours since the abolition of the Code is in evidence when the labor statistics are examined. However, it is known (*) that a few mills have already cut the wage rate principally by means of lengthening hours without correspondingly raising wages. News comment in trade papers (**) of strikes, impending strikes and differences between employers and employees indicate the beginning of a relaxation of labor standards, at least in some instances.

POST CODE TRADE ASSOCIATION ACTIVITIES

Efforts after the Supreme Court decision to obtain a voluntary code for the entire industry had failed up to October 1935, because of inability of securing sufficient signers to meet with Federal Trade Commission requirements.

According to a "Women's Wear" (***) statement of November 29, 1935, it was stated that officials of four concerns agreed to recommend to their boards of directors the adoption of a voluntary code for that industry which includes the abolition of child labor, elimination of home work and the following provisions:

1. Forty-hour week except that, for not exceeding any eight week during the calendar half year, employes may be permitted to work 45 hours in any one week.

2. Maximum hours for repair crews, engineers, electricians and machine fixers to be 48 hours a week with a tolerant for emergencies of 25 per cent.

3. Maximum for firemen and watchmen 56 hours.

4. Minimum weekly wage rates to be $13 in the southern section and $15 in the northern section of the industry.

5. Minimum wage for learners and under-privileged employes $3 for 40-hour week.

This was the beginning of an intense campaign to obtain assent to a voluntary code.

(*) The Executive Director of the Underwear Institute in personal interview, October 1935, stated that one large mill had adopted this practice.

(**) Daily News Record and Women's World (Fairchild News Service New York)

(***) "Womens' Wear" (Fairchild News Service New York)

Additional information and additional time will, therefore, be required to await developments on this phase of post-code activity. No voluntary trade practice code has been submitted by the underwear and allied products industry since the Schechter Decision. (*)

(*) Statement of Mr. George McCorkle, Director of Trade Practice Conferences, of the Federal Trade Commission, (3/19/36).

PART D

THE KNITTED OUTERWEAR INDUSTRY

By
Willis H. Ray

CHAPTER I

DEFINITIONS, DEVELOPMENT, AND SCOPE OF THE INDUSTRY.

DEFINITION OF INDUSTRY.

The Knitted Outerwear Code defined the industry as follows:

> "to mean and include the manufacture of bathing suits, knitted or made of purchased knitted fabric and/or other materials, and/or the manufacture of knitted outerwear apparel for men, women and/or children, including infants and/or the manufacture of knitted fabrics for outerwear purposes, but shall not include the products of the hosiery and/or underwear industries and/or the manufacture of knitted woolen goods in self-contained woolen mills of the wool textile industry as defined in the respective Codes of such industries and shall not include the manufacture of ladies' and misses' coats, suits, dresses, ensembles, blouses, skirts, and/or other garments (except as hereinbefore provided with respect to bathing suits), made of purchased knitted fabrics or of fabrics not made by machinery owned by the garment manufacturer." (*)

For Code purposes, it was necessary to define the industry in this manner rather than by listing products of the industry. Classification of members of this industry, according to types of garments produced, was found to be unsuccessful because manufacturers producing men's garments today may, tomorrow, if conditions warrant, turn their producing equipment toward the production of women's garments, infants' garments, knitted scarfs, knitted headwear, knitted trimmings, and accessories, or even of mere fabrics. (**) This indicates that the definitive and characterizing operation in a knitting plant is the knitting process itself. It can be easily understood, with this wide

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(*) Article II, Section (a) of Code of Fair Competition for the Knitted Outerwear Industry, as approved December 16, 1933 and amended on September 25, 1934. Codes of Fair Competition, as approved Government Printing Office, Volume IV, Page 199.

(**) See page 25 of transcript of public hearing on Knitted Outerwear Code, dated October 16, 1933. NRA files.

range for product variety, how there would be conflict with other industries that produce garments or other merchandise for the same purpose in ultimate use.

PRODUCTS.

The production of this industry includes the following items, knitted from yarns of the basic materials, cotton, silk, rayon and wool:

sweaters	wool jerseys
jerseys	silk jerseys
bathing suits	sport coats
scarfs and shawls	other knitted garments
knit headwear	for outerwear purposes
knit neckties	and some knit fabric
infants' knit outerwear	for outerwear garments
dresses and suits	

HISTORY AND DEVELOPMENT OF KNITTED OUTERWEAR.

The knitted outerwear industry is an outgrowth of the underwear and hosiery industries which, up until the end of the last century, composed the knit goods industry except for infants' wear of mostly hand knit material and athletic specialties and tights. (*)

During the early 1900's sweaters and knitted bathing suits began to enjoy an increasing demand. The Cardigan sweater had begun to be popular at the time of the Klondike Gold Rush of 1897, and by 1910 the popularity of sweaters had given impetus to large-scale production. Knitted bathing suits rapidly displaced all other types. During the war years the production of sweaters, mufflers, wristlets and puttees for the allied armies lent much to the activity and development of the industry. With the development of sports for women, the knitted outer garment has especial importance. The industry is young and still in a process of development. The underwear and hosiery industries, on the other hand, have evidently reached their full development.

Yarn, being the basic element in the production of knitted outerwear, has been a leading factor in the industry's development and prosperity. Other factors such as the creation of new, attractive designs for modern needs, the development of machinery, and the promotion of this type of product have also contributed. (*)

As has been indicated above, before 1910 the industry was small.

(*) See page 22 of transcript of Knitted Outerwear Industry Public Hearing of October 16, 1933. NRA files.

(**) See "Knitted Outerwear Times", issue of April 25, 1933. Published by National Knitted Outerwear Association, N.Y.C.

Blouses, shakers and sweat shirts of 2/28 wool yarn and merino were produced on five gauge and coarser flat machines. Merino consisted of a bit of virgin wool with the greatest percentage of its ingredients clippings and cotton spun on the wool system, identical with the yarn today known as commercial wool and used for shakers and men's and boys' cheap goods. With intense competition largely absent, the few factors comprising the industry enjoyed a measure of prosperity. Principal products were bicycle jerseys and rib sweat shirts, which were even then being made on circular underwear machines. Improved roads, facilitating bicycle transportation, and growing interest in sports tended to the market.

Seven and eight gauge flat machines were introduced about 1910. Worsted yarns were used for the more expensive items. Zephyr yarns were introduced in 1912, coincident with the start of the sweater coat vogue, which had followed that of knee-length coats which, after enjoying a brief popularity had been discarded because of their awkwardness.

The so-called accordian tie of pure silk, produced on a double lock, 18 gauge machine, paralleled the use of the sweater coat. Decline in the popularity of the tie in 1914 brought about a change to silk sweaters, moving from there to the two and three piece suit field. These items disappeared in 1923 and have not been of much importance since.

The world War greatly accelerated the growth of the industry. In 1916 or 1917, there was imported the design of the pullover sweater which had been worn by the Swedish hunters. The sweater, which was the forerunner of the rub-bottom pullover sweater, consisted of a loosely fitted blouse with an eight inch tail all around, which clung closely to the hips. The introduction of this item, it is said, brought more progress to the industry from a garment point of view than any other.

Home knitting, especially of sleeveless sweaters, for soldiers increased the popularity of knit goods generaly. Worsted and other more expensive yarns became more and more in demand. The knitted bathing suit came into its own during the war days and was produced principally on flat machines. Prior to this time suits were very heavy and sagged considerable. After a few wearings, short suits for men would stretch completely out of shape. Women had restricted themselves to satin suits with knitted tights underneath.

A constantly increasing "war period" consumer demand, which grew faster than the industry until 1920, plus the general desire for constantly improved merchandise, conspired to produce great prosperity for the industry in 1918 and 1919. Trading up continued unabated with better products supplanting cheaper numbers on every hand. Prices rose slightly for knit goods through the introduction by Poepple of the ripply--a sweater with a ribbed, tightly fitted waistline which flared out below, and with sleeves similarly treated below the elbow. Greatly increased demand resulted in rapidly rising prices. Premiums as high as $24.00 a dozen for quick delivery were frquently offered. During the

post-war slump demand disappeared overnight, catching many manufacturers and leaving a trail of bankruptcies. This disaster depressed the industry, possibly more deeply than ordinarily would have been the case. Accentuating the decline was the unprecedented reation against the colors popular in 1920, American Beauty, turquoise, salmon, and khaki, in favor of far more sombre black, navy, and brown.

Recuperation from the post-war period came early, as the industry stepped into what might be termed the second stage of its development. The recovery was largely stimulated by the appearance of a new yarn known as mohair. Early acceptance of the yarn by a few high-style, higher priced mills caused it to be generally adopted. By the fall of 1927, the entire industry was using mohair.

Introduction, in April of 1928, of a five stock worsted, a cheap imitation of mohair, carried the industry through the temporary recession felt in other fields -- another case of a new yarn enabling some of the knit goods trades to operate profitably despite generally depressed conditions. This yarn was restricted to flat power machines developed during the war, thus displacing completely the links machine. The industry did not, however, profit by the general prosperity of 1924 and 1925. On the contrary, prices fell precipitiously during these two years; qualities of material and workmanship were considerably cheapened. The Eastern section of the industry bore the blunt of this recession.

The foundations for a new period of prosperity were laid in 1925 by the introduction of a new fabric known as balbriggan cloth and made exclusively on circular jersey machines. New attachments to these machines were devised permitting the production of new and fancy fabrics. Two and three-piece knitted suits were marketed in appreciable quantities in 1927 as were knitted dresses. Both of these items were principally the output of circular machines.

Slightly in advance of gains in other divisions, men's and boys' wear started on the up-grade late in 1924, prospering until 1930, when another decline set in. Pure worsted garments were featured the first few years of this period, with especially high prices prevailing for sweater and hose sets, the reigning favorites. After a few years of depression, marked improvement began to show in 1934. A drastic revision in styling, combined with the introduction of a new yarn, (brushed mohair) was needed to stimulate demand. Taking a cue from the popularity of the pinch-back and pleated-back coats and even Norfolks, in men's clothing, a few alert knitted outerwear manufacturers stimulated these garments in knitwear, abandoning the plain coat sweaters that they had been accustomed to manufacture.

Returning to the mid-twenties, another factor leading to increased sales was the introduction of finer counts of zephyr yarn. (*)

Sophistication in its treatment of yarns came to the industry as the decade waned. Astute manufacturers and yarn men sensed that the

(*) See "Knitted Outerwear Times", issue of May 5, 1935. Published by National Knitted Outerwear Association, N.Y.C.

public, constantly on the watch for novelty, and with money to spend, was becoming jaded with the worsted and zephyrs. Knitwear was no longer an unusual product. Novel treatments were again required to stimulate demand. The situation was met by the introduction of new yarns which successfully carried the trade through the collapse of the stock market and through the depression until about 1932.

Research was successful in developing the following novelty yarns, boucle -- a few threads of twisted Rayon with a knot every inch and a half or so, -- was introduced in the 1924-1925 season. The debut was rather premature, however, for neither the yarn nor facilities for its production were ready. However, it reappeared in 1929, and ran well for three years in cheaper garments.

Latine, -- used in higher priced garments and consisting of a succession of tiny loops, -- was one of the earliest of the novelty yarns, appearing in 1927 and reaching its height in 1930. A later, lower price entrant was frill, a rayon spiral.

Silvertone, -- a combination of rayon twisted with wool, -- was introduced in the same price ranges as zephyr numbers. The yarn was also effective when later taken over by the knit beret manufacturers because the rayon brightened up the hat considerably, and the knitted seamless headwear houses saw splendid runs on the item. Present indications are that it should continue as a popular favorite for infants' wear.

Bengora, -- contributing to the success of the knitwear field after other industries began to experience the sharp influence of the depression, -- was the so-called bengora yarn, in reality a fine mohair, which was introduced in 1930. This product was utilized particularly for high-style costly garments. (*)

COOPERATIVE ACTIVITY AMONG MANUFACTURERS.

In the knitted outerwear industry there is one organization representing generally all interests in the industry, and the larger portion of the organized section of the industry. There are several other organizations of less prominence representing the minority. However, these smaller organizations, while they represent minority groups, represent minority groups, represent special industry groups with common interests, such as infants' and children's contractors, hand-knit sportswear manufacturers, hand-crochet headwear manufacturers, etc. There are overlapping, so to speak, into the knitted outerwear industry, other trade associations with primary interests in other industries. As an example, the united infants' and children's wear association, the leading organization in the recognized infants' and children's wear industry, has some members who have little interest in the knitted outerwear industry by reason of the fact that they manufacture, in addition to their principal products, some knitted outerwear.

(*) See "Knitted Outerwear Times", issue of May 9, 1935. Published by National Knitted Outerwear Association, N.Y.C.

NATIONAL KNITTED OUTERWEAR ASSOCIATION: The National Knitted Outerwear Association seems to have a history dating back to 1912. Within the limitations for research preparatory to writing this report, little of the history and early development of this association has been disclosed. However, it has been found that the association emerged into prominence in the year 1918. Since that time it has developed into a national organization made up of regional associations. Its main office is located in New York City with branch offices distributed throughout the country as follows:

1. Eastern District (including metropolitan area), national and district office, New York City.

2. New England District, office, Boston, Mass.

3. Pennsylvania and Southern Districts, office, Philadelphia, Pa.

4. Ohio District, office, Cleveland, Ohio

5. Western District, office, Milwaukee, Wis.

6. Pacific Coast District, office, San Francisco, Calif.

The National Knitted Outerwear Association has as its members, and is supported by, regional and local associations from these districts, the regional or local associations having as membership the individual members of the industry located in the districts.

The association includes among its officers, a president, one vice-president from each of the districts, and eighteen members of the board of directors with an equal number of alternates. Each district elects three directors and three alternates. The president presides over all of the meetings of the board and the presence of seven directors constitutes a quorum. The board has charge of the management of all affairs. It appoints the executive director and employs the counsel and fixes his compensation.

Each active member of the association is entitled to one vote, and a majority vote carries any resolution, unless a district vote be asked by any national director, or alternate, in which case a majority of the districts voting as such is necessary. One-fifth of the total registered active membership constitutes a quorum.

According to a report of the secretary of the association made to the National Recovery Administration on February 12, 1935, the membership of the association totals 500, representing a four-fold increase over the members enrolled in 1932 and a 20 percent increase over that of 1934. In 1933, when this association proposed and sponsored the code of fair competition for the industry, it claimed to be representative of the industry by 70 percent in dollar volume and by 55 percent in number of units. At that time the association claimed

that there were only 748 members of the entire industry, but later it developed, when members of the industry applied for NRA code labels in 1934, the nearer correct figure is between 1,100 and 1,200. This fact lowers considerably the representative character of the association, but still it is by far the most representative trade organization in the industry.

Although not numerically representative of the industry, the National Knitted Outerwear Association has assumed responsibility for acting and speaking in behalf of the industry for its general welfare. It has dealt with the Federal Trade Commission before NRA in establishing fair trade practice rules for the industry, with the U.S. Tariff Commission in establishing protective rates to guard the industry's domestic manufactures, with U.S. Bureau of Standards in establishing standards for the industry's products, with the U. S. Department of Commerce in conducting studies of the industry's machines as a basis for their improvement, with the NRA in the formulation and administration of a code of fair competition for the industry, and with other agencies or organizations in cases where the presence of the industry's representative was necessary. It is engaged in the collection and dissemination of information on styles, manufacturing processes, marketing costs, etc., for the benefit of the industry. It publishes a weekly trade paper, "The Knitted Outerwear Times", to keep the industry posted on the general activity. Further, it conducts educational campaigns, not only among members of the industry, but among retailers, wholesalers, jobbers, consumers and yarn producers.

The National Knitted Outerwear Association appears to be active, comparatively efficient, and beneficial to the industry.

HAND KNITTED SPORTSWEAR ASSOCIATION: The manufacturing center for the expensive, highly stylish, handknitted sportswear is Philadelphia, Pa. Located here is the Hand Knitted Sportswear Association formed in 1933, with a membership confined to the Philadelphia area. It is representative of this type of manufacturers in the homework-manufacturer branch of the industry.

NATIONAL HAND CROCHET ASSOCIATION, INC.: The National Hand Crochet Association, Inc., of New York was formed after the enactment of the National Industrial Recovery Act by leading manufacturers of hand knit and hand crochet headwear and novelties of a wide variety. The association claims to be representative of this industry group, which is another of the homework-manufacturer branch.

METROPOLITAN KNITTED TEXTILE ASSOCIATION: The metropolitan Knitted Textile Association, with headquarters at NewYork, was founded in 1933. Its membership at the beginning of the year 1935 is given at 99. This association was organized by the National Knitted Outerwear Association to handle industrial relations for those members of the knitted outerwear industry who were in agreement with labor unions. It became autonomous and independent later. It is not representative of any one of the industry's special interest groups and has in its membership all

types of knitted outerwear manufacturers.

INFANTS' AND CHILDREN'S OUTERWEAR ASSOCIATION: The Infants' and Children's Knitted Outerwear Association is said to have been established in June 1932 under the name of the Knitwear Association of American including in its membership manufacturers, contractors and jobbers engaged in the production of knitted infants' & children's outerwear in the New York Metropolitan area. In 1933 it claimed membership of 75 out of a total of 180 of its kind in the industry. In 1935, according to figures of the National Knitted Outerwear Association, the membership was approximately 20 out of 75 eligibles. The wide difference in these two sets of figures makes their accuracy doubtful. This association was once considered representative of the infants' and children's wear contractor branch of the industry. In view of the fact that the National Knitted Outerwear Association was lent influence in this branch of the industry by its close connection with the code, it may be safe to say that many of the contractors joined with the National Knitted Outerwear Association, leaving the infants' and Children's Knitted Outerwear Association.

OTHER TRADE ASSOCIATIONS: There are overlapping into this industry, trade associations with principal memberships in other garment and textile industries. In most cases their interests are negligible but worthy of mention.

First, there is the National Association of Leather Glove manufacturers, Inc., of Gloversville, New York, sponsors of the NRA Code for the leather and woolen knit glove industry. Some of its members manufacture the same type of woolen knit glove produced by the knitted outerwear industry.

The Millinery and Dress Trimming, Briad, and Textile Association of New York City, sponsors of the NRA Code for the Millinery, dress trimming, braid, and textile industry has a minor interest in the knitted outerwear industry, due to some of its members producing fabrics and accessories similar to those produced by the knitted outerwear industry.

The Women's Headwear Group, Inc., of New York City, one of the organizations sponsoring the NRA code for the millinery industry, has some of its members manufacturing novelty knit hats, tams, berets, etc., similar to, and to an extent, in competition with products of the knitted outerwear industry.

Both the Underwear Institute, sole sponsors of the NRA Code for the Underwear and Allied Products Industry and the United Infants' and Children's Wear Association of New York, one of the sponsors of the NRA Code for the Infants' and Children's Wear Industry have as members some manufacturers producing garments falling within the classification for the knitted outerwear industry.

COOPERATIVE ACTIVITY AMONG WORKERS

The extent of collective bargaining and unionization by labor in the knitted outerwear industry is shown by the following:

TABLE I, KNITTED OUTERWEAR INDUSTRY.
LABOR UNIONS, NUMBER OF ESTABLISHMENTS
ORGANIZED AND EMPLOYEES AFFECTED (1935)

Name of Union	Number of Mills	Number of Workers
ILGWU	99	4088
Industrial	54	1377
United Textile Workers	9	618
Millinery Workers	1	25
Braiders Union	1	4
Neckwear Makers	1	4
Textile Trimming	2	21
Knit Goods Workers	1	100
Providence Union	1	41
"Company Unions"	22	4915
Total	191	11193

Source: National Knitted Outerwear Association - Knitted Outerwear "TIMES", issue of March 7, 1935, supra.

TABLE II, KNITTED OUTERWEAR INDUSTRY

EXTENT OF UNIONIZATION BY PERCENTAGES
OF MILLS AND EMPLOYEES
(1935)

Classification	No. of Mills	% of Mills	No. of Employees	% of Employees
Outside Union Mills	169	15.14	6278	17.53
Inside Employee Org.	22	1.97	4915	13.72
Non-Union Mills	925	82.88	24623	68.75
Total	1116	100.00%	35816	100.00%

Source: National Knitted Outerwear Association - Knitted Outerwear "TIMES", issue of March 7, 1935.

The above tables reveal many noteworthy things. There are 191 organized mills out of a total of 1116, leaving 925 mills or a percentage of 82.88 percent unorganized. This indicates labor weakness in the industry. Illustrated is strength of "outside" labor organizations with their 6278 organized workers compared with the strength of "inside" employee organizations with 4915 organized workers. Note the relative strength of the ILGWU (International Ladies' Garment Workers Union), the so-called Industrial Union, and United Textile Workers' Union. Appearance of the other unions may be due to diversified products of the industry giving them minor interests in the industry's labor.

As in many other textile and garment industries, union activity and labor organization has confined itself for the most part to and around the metropolitan area.

In the labor organization field, the United Textile Workers of American is one of the unions having wide jurisdiction. While it officially dates back to 1901, it has a history going back to 1878. Being a mixture of craft and industrial unions, extended geographically, but not numerically strong in the knitted outerwear industry, this union, it is said, has experimented with union management cooperation in the textile industry with conservative policies. (*) Some claim it has had secret dealings with employers and had shown sluggish activity until it awoke with a strike in the summer of 1934. At the time of the public hearings on NRA codes of fair competition (summer and fall of 1933), this union had a membership of about 1000 members in the knitted outerwear industry and perhaps another 1000 in the trimming and braiding branches of the industry.

The ILGWU, like the United Textile Workers Union, is affiliated with the American Federation of Labor. Founded in 1900, it is more compact, having a large Italian and Jewish membership with socialistic traditions and background, and is probably more effective because of more active leadership than that in the conservative United Textile Workers Union. In the knitted outerwear industry, the ILGWU had about 3000 members who were working in early 1933. Its total membership for the United States is given at about 150,000.

The Industrial Union mentioned in Table I is the Knit Goods Workers Industrial Union affiliated with the Needle Trades Industrial Union.

The Needle Trades Workers Industrial Union was formed at the beginning of the year 1929 by rebelling forces from the International Ladies' Garment Workers Union. After over five years of existence, it is said that this Union can look back upon a course of active and

(*) Information for the discussions was supplied by Paul Anderson, former NRA Labor Adviser, and the "Knitted Outerwear Times", supra.

radical work in many fields of the Needle Trades.

Of the past history and membership of the Knit Goods Workers Industrial Union, little is known. The representative at the code hearing in October 1933 indicated that its membership was principally located in New York City and Philadelphia, and amounted to a number between 3000 and 5000. This representative's statements further indicated that his union was opposed to and, in fact, competed with the unions affiliated with the American Federation of Labor. It is obvious, from examination of Table I, that this union has made great inroads in the limited organized labor field of the knitted outerwear industry. The other unions listed in Table I are of less importance and have not been investigated.

Because of the fact that the character of the United Textile Workers Union and the ILGWU gives them broad jurisdiction and the fact that in many instances needle trades and textile processes overlap, as is particularly true in the New York metropolitan area, a conflict between the two was inevitable. This conflict, however, was never serious until the year 1934, when it became somewhat acute.

Statements have been made that the ineffective union organization in the knitted outerwear industry is due to the conflicting jurisdictional claims of these two unions. The principal effect has been a general stir of uncertainty prevailing in the New York Area. Manufacturers who signed agreements with one union were never certain that the other union might insist upon a similar agreement and upon organizing the already organized shop. This led to "outlaw" strikes, to industrial unrest, to labor disputes and enmity in various shops, and to rigid resistance upon the part of the individual manufacturer.

A typical example of the result of these jurisdictional disputes is found in the case of one mill. This mill, having signed an agreement with the United Textile Workers Union, was picketed by representatives of the ILGWU. The mill sought an injunction to restrain the ILGWU from "picketing, intimidating, proclaiming and holding out banners, placards or otherwise that the employees of the P_____ Mills are on strike." (*) The injunction was granted and the Union restrained.

At the injunction proceedings a contract effected between the Metropolitan Textile Association and the ILGWU acknowledged the existence of a jurisdictional dispute between the two Unions. Further, both Unions agreed to abide by a settlement to be made by the American Federation of Labor.

The dispute was submitted early in 1934 to the American Federation

(*) See "Knitted Outerwear Times", issue of February 9, 1934. Published by National Knitted Outerwear Association, N.Y.C.

of Labor which, after investigation, awarded the jurisdiction to the United Textile Workers Union.

There was immediate response. The United Textile Workers Union was elated. The Metropolitan Textile Association, whose members were involved, joyously received the decision. The ILGWU challenged the decision, refusing to accept it.

Mr. David Dubinsky, of the ILGWU ordered his organization not to yield and make a formal protest in Washington with the American Federation of Labor. Finally, he succeeded in having the matter entirely reopened and secret negotiations began.

At the ILGWU convention in Chicago in June, 1934, it was announced that an agreement had been reached, bringing to a close the dispute. (*) In the form of a compromise, the agreement split the jurisdiction, awarding spoolers, winders, knitters, knitters' helpers, examiners of knitted cloth, knit goods craftsmen and designers to the United Textile Workers Union. The ILGWU received jurisdiction over workers engaged in making garments from knitted cloth, specifically, cutters, operators, finishers, menders, brushers, pressers, garment examiners and packers.

It was further agreed that in each of the garment centers, namely, Chicago, New York, Cleveland, Philadelphia and the Pacific Coast, all members of the United Textile Workers Union employed in mills making infants', children's and adults' knitwear were to be organized into one or more local unions, each of which must become affiliated with a joint council for the knitted outerwear industry. ILGWU workers were to be bound in the same way by identical ties. The joint councils were to have representation in proportion to their membership. This council was to have power over all matters affecting workers in its section. It could make trade agreements and call strikes. However, general strikes and agreements with employers' associations must have the sanction of the presidents of the two Unions.

Other stipulations were that there would be dues and initiation fees, for at least one official of each union on each joint council, and immediate classification and transfer of members in the New York area. Disputes between locals were to be submitted to presidents of both unions and union disputes were to be submitted to the American Federation of Labor.

This agreement, it is said, did much to strengthen labor's position in the industry, particularly around the five mentioned garment centers.

(*) See Knitted Outerwear Times", issue of June 8, 1934. Published by National Knitted Outerwear Association, N.Y.C.

SIZE OF THE INDUSTRY

Table III is presented to show the size of the industry during the bi-annual census years from 1923 through 1933.

The Knitted Outerwear Code Authority and the National Knitted Outerwear Association furnished data during NRA which, unlike the census data, include all size establishments.

Since the industry is known to be composed of many small units, it is logical to assume that the figures of the code authority and the association are more complete. These data show:

Year	Establishments	Dollar Volume	Employees
1933	1100	---	--
1934	1233	$106,831,634	38,716
1935	1178	---	35,816

TYPES OF MANUFACTURERS

Members of the industry fall within three classifications, namely, contractor, homework manufacturer and machine manufacturer. In the first classification falls the type who maintain a manufacturing plant and manufacture products, or their parts, for others who supply the raw materials. In the second classification falls the type who supply raw material or parts of garments to homeworkers or homework-contractors for manufacturing or completion, by hand labor in the home of the workers. In the third classification falls the type who manufacture products of the industry in their own plants by their own machines from their own raw materials. There is, of course, an overlap to some extent in these classifications. This overlap is due, principally, to the practice of some manufacturers of performing part of the manufacturing process within their plants and having the other part performed by homeworkers.

SIZE OF ESTABLISHMENTS

(*) Computation made by the National Knitted Outerwear Association in 1928 on the size of firms on which capital ratings were available show:

8% were rated at $500,000 or over
18% were rated at $125,000 to $500,000
42% were rated at $ 20,000 to $125,000
33% were rated at less than $20,000.

(*) Computation made by the Association for 1932 show:

2.4% were rated at $500,000 or over

(*) See Transcript of Knitted Outerwear Code Hearing of October 16, 1933. NRA files.

11.8% were rated at $125,000 to $500,000
44.9% were rated at $ 20,000 to $125,000
40.9% were rated at less than $20,000

The association claims that, due to the fact that reports from many of the smaller firms were not obtainable, the above computations are large in the higher brackets. It is significant that the majority of the firms in the industry rated below $125,000.

A study of Table IV will disclose in detail the relative importance in number of establishments, number of wage earners, wages, cost of materials, value of products and value added by manufacturers of establishments in size groupings based on number of wage earners employed in each.

DISTRIBUTION OF INDUSTRY BY GEOGRAPHICAL AREA

Table VI, VII, and VIII show by states the number of establishments, the number of wage earners, wages, cost of material, value of products, and the value added by manufacturers during the years 1929, 1931 and 1933.

Distribution of establishments for the year 1935 by the district groups used by the National Knitted Outerwear Association and the code authority may be seen from the following table:

TABLE V - - KNITTED OUTERWEAR INDUSTRY
DISTRIBUTION OF INDUSTRY ESTABLISHMENTS BY DISTRICTS (1935)

District	Number of Establishments
New York Metropolitan District	700
Pennsylvania District (11 States)	168
West District (7 States)	66
Pacific Coast District (6 States)	83
New England District (9 States)	126
Cleveland District (4 States)	36
Total	1,179 1/

Source: "Knitted Outerwear Times", issue of June 15, 1935. Published by National Knitted Outerwear Association, N.Y.C.

1/ Do not include contractor-employers from the adult wear branch but only from the infants' wear branch. The writer estimates that this lowers the total number by 50 to 100.

TABLE [illegible]

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, Value Added, and Horsepower, by Census Years, 1923 to 1933

Year	Number of Establishments	Wage Earners (Average for Year)	Wages (Thousands of Dollars)	Cost of Materials[a/] (Thousands of Dollars)	Value of Products (Thousands of Dollars)	Value Added by Manufacture (Thousands of Dollars)	Horsepower (In Thousands)
1923[b/]	1,128	41,503	40,824	110,188	208,758	98,569	29
1925	874	27,986	27,738	77,548	143,502	65,954	24
1927	775	24,662	26,200	64,123	125,941	61,818	22
1929	757	28,968	28,934	75,876	147,249	71,373	22
1931	710	26,142	24,744	55,571	111,573	56,001	[c/]
1933	601	26,908	19,574	47,492	92,547	45,055	[c/]

Source: Census of Manufactures, 1929, Vol. II, p. 299; 1931, p. 269; 1933, "Knit Goods," p. 2. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.
b/ No comparable data for years prior to 1923.
c/ Not available.

Prepared by
Industry Statistics Unit,
Statistics Section,
Division of Review, NRA
November 20, 1935

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TABLE IV

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added,
Classified by Number of Wage Earners per Establishment, 1933

Number of Wage Earners per Establishment	Establishments		Wage Earners		Wages		Cost of Materials a/		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
U. S. Total	601	100.0	26,908	100.0	19,574	100.0	47,492	100.0	92,547	100.0	45,055	100.0
None	8	1.3	-	-	-	-	610	1.3	1,129	1.2	519	1.1
1 - 5	106	17.7	321	1.2	275	1.4	1,938	4.1	3,808	4.1	1,871	4.2
6 - 20	228	37.9	2,666	9.9	2,236	11.4	6,388	13.5	11,650	12.6	5,262	11.7
21 - 50	126	21.0	4,145	15.4	3,427	17.5	9,130	19.2	17,242	18.6	8,112	18.0
51 -100	130	21.6	19,144	71.1	13,368	68.3	29,120	61.3	58,166	62.9	29,046	64.5
Over 100	3	.5	632	2.4	268	1.4	306	.6	552	.6	245	.5

Source: Bureau of the Census, Special Tabulation for NRA on Size of Establishments. Data are for sub-classification "Outerwear" of Census classification "Knit Goods. They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

Prepared by
Industry Statistics Unit,
Statistics Section,
Division of Review, NRA
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The industry's plants are principally located within the above six areas, with the New York metropolitan area containing 59.8% of the industry; the Pennsylvania District containing 13.6%; the Cleveland District containing 3.1%; the Western District containing 5.6%; the Pacific Coast District containing 7.1%; and the New England District containing 11%. However, there are plants of the industry located in approximately 30 states.

The same District groupings are used to show the distribution of the industry's dollar volume of production based on code authority NRA label sales during 1934:

41.63% for the Metropolitan District (New York)
16.05% for the Pennsylvania District
15.80% for the New England District
9.71% for the Western District
9.57% for the Cleveland District
7.24% for the Pacific Coast District

It is significant here, as in number of plants, that the New York Area leads with the Pennsylvania Area following:

Figures compiled by the National Knitted Outerwear Association for the years 1922, 1925 and 1928 show the distribution of capital investment by states.

TABLE VI

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added by Manufacture, by States, 1929

State	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
U. S. Total	757	100.0	28,968	100.0	28,934	100.0	75,876	100.0	147,249	100.0	71,373	100.0
California	43	5.7	1,280	4.4	1,248	4.3	3,020	4.0	6,778	4.6	3,758	5.3
Illinois	25	3.3	511	1.8	617	2.1	1,731	2.3	3,254	2.2	1,523	2.1
Massachusetts	37	4.9	1,961	6.8	1,561	5.4	5,348	7.0	9,123	6.2	3,775	5.3
Michigan	7	.9	167	.6	164	.6	449	.6	826	.6	377	.5
Minnesota	9	1.2	125	.4	95	.3	361	.5	651	.4	290	.4
New Jersey	39	5.1	938	3.2	1,186	4.1	2,088	2.8	4,838	3.3	2,750	3.9
New York	400	52.8	11,836	40.9	13,428	46.4	35,467	46.7	68,149	46.3	32,682	45.8
Ohio	21	2.8	2,560	8.8	2,447	8.5	6,696	8.8	12,159	8.3	5,463	7.7
Pennsylvania	96	12.7	4,571	15.8	4,150	14.3	11,830	15.6	21,135	14.3	9,306	13.0
Utah	5	.7	295	1.0	225	.8	472	.6	842	.6	370	.5
Washington	8	1.1	180	.6	159	.6	302	.4	583	.4	281	.4
Wisconsin	29	3.8	2,516	8.7	2,228	7.7	3,798	5.0	9,639	6.5	5,841	8.2
Other States[b]	38[b]	5.0	2,028	7.0	1,426	4.9	4,314	5.7	9,272	6.3	4,957	6.9

Source: Census of Manufactures, 1929, Vol. II, pp. 302 and 303. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.
b/ Connecticut, 2; Delaware, 1; Georgia, 2; Indiana, 1; Kentucky, 2; Maine, 3; Maryland, 1; Missouri, 1; New Hampshire, 4; North Carolina, 7; Oregon, 5; Rhode Island, 4; Tennessee, 1; Virginia, 2; Vermont, 1; Wyoming, 1.

Prepared by
Industry Statistics Unit,
Statistics Section,
Division of Review, NRA
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TABLE VII

KNITTED OUTERWEAR INDUSTRY

Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added by Manufacture, by States, 1931

State	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
U. S. Total	710	100.0	26,142	100.0	24,744	100.0	55,571	100.0	111,573	100.0	56,001	100.0
Illinois	20	2.8	613	2.3	618	2.5	1,252	2.3	2,449	2.2	1,197	2.1
Massachusetts	31	4.4	1,875	7.2	1,485	6.0	4,116	7.4	7,409	6.6	3,293	5.9
Minnesota	7	1.0	147	.6	125	.5	315	.6	606	.5	290	.5
New Jersey	35	4.9	967	3.7	1,363	5.5	2,016	3.6	4,668	4.2	2,652	4.7
New York	400	56.3	10,324	39.5	11,139	45.0	25,165	45.3	51,908	46.5	26,742	47.8
Ohio	19	2.7	2,275	8.7	1,888	7.6	4,464	8.0	8,562	7.7	4,098	7.3
Pennsylvania	86	12.1	4,485	17.2	3,680	14.9	8,885	16.0	16,244	14.6	7,359	13.1
Rhode Island	4	.6	105	.4	77	.3	210	.4	398	.4	188	.3
Washington	10	1.4	165	.6	120	.5	225	.4	541	.5	316	.6
Wisconsin	21	3.0	1,650	6.3	1,385	5.6	2,402	4.3	4,903	4.4	2,501	4.5
ther States[b]	77[b]	10.8	3,536	13.5	2,864	11.6	6,521	11.7	13,885	12.4	7,365	13.2

Source: Census of Manufactures, 1931, pp. 269 and 270. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

b/ California, 36; Connecticut, 3; Delaware, 1; Georgia, 2; Indiana, 1; Kentucky, 1; Maine, 2; Maryland, 1; Michigan, 4; Missouri, 1; New Hampshire, 3; North Carolina, 10; Oregon, 3; Tennessee, 2; Utah, 5; Vermont, 1; Virginia, 1.

Prepared by
Industry Statistics Unit,
Statistics Section,
Division of Review, NRA
November 21, 1935

TABLE VIII

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added by Manufacture, by States, 1933

State	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
U. S. Total	601	100.0	26,908	100.0	19,574	100.0	47,492	100.0	92,547	100.0	45,055	100.0
Illinois	18	3.0	653	2.4	469	2.4	1,045	2.2	2,236	2.4	1,191	2.6
Massachusetts	29	4.8	1,554	5.8	958	4.9	3,228	6.8	5,790	6.3	2,562	5.7
New Jersey	33	5.5	1,060	3.9	1,114	5.7	1,741	3.7	3,925	4.2	2,184	4.8
New York	308	51.3	9,636	35.8	7,750	39.6	20,441	43.0	39,525	42.7	19,084	42.4
Ohio	18	3.0	3,032	11.3	2,159	11.0	3,875	8.2	8,361	9.0	4,485	9.9
Pennsylvania	85	14.1	4,738	17.6	3,270	16.7	8,633	18.2	15,971	17.3	7,338	16.4
Washington	6	1.0	115	.4	61	.3	139	.3	227	.2	88	.2
Wisconsin	18	3.0	1,679	6.3	1,096	5.6	2,022	4.2	4,240	4.6	2,218	4.9
Other States[b]	86[b]	14.3	4,441	16.5	2,697	13.8	6,368	13.4	12,272	13.3	5,905	13.1

Source: Bureau of the Census, Unpublished Data. Data are for sub-classification "Outerwear" of Census classification. They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

b/ California, 39; Connecticut, 4; Delaware, 1; Georgia, 1; Kentucky, 1; Maine, 1; Michigan, 5; Minnesota, 6; Missouri, 1; New Hampshire, 4; North Carolina, 7; Oregon, 3; Rhode Island, 4; Tennessee, 2; Utah, 4; Vermont, 1; Virginia, 2.

Prepared by
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TABLE IX - KNITTED OUTERWEAR INDUSTRY

PERCENTAGE OF TOTAL CAPITAL INVESTMENT BY STATES
(1922, 1925 and 1928)

State	Number of Mills			% Capital Investment		
	1922	1925	1928	1922	1925	1928
New York	861	598	509	47.5	43.5	35.7
Pennsylvania	176	177	175	12.0	14.5	15.3
New Jersey	64	79	81	3.3	4.3	5.2
Massachusetts	46	63	63	6.7	7.0	6.6
Wisconsin	62	44	59	10.6	6.9	8.7
Illinois	40	39	44	3.8	4.5	11.5
California	24	36	35	2.5	2.1	2.6
Ohio	28	27	27	7.2	6.6	4.8
Michigan	21	24	18	2.2	2.9	1.1
Minnesota	1/	14	15	1/	1.4	0.5
Connecticut	1/	11	9	1/	1.6	1.2
Rhode Island	7	9	12	1.9	0.6	0.4
Washington	1/	8	11	1/	0.4	0.4
Oregon	1/	6	6	1/	0.2	1.2
Utah	1/	5	8	1/	0.9	0.3
All Other States	36	23	36	2.4	2.6	4.5
Totals	1365	1163	1108	100.0	100.0	100.0

Source: National Knitted Outerwear Association - Year Book of 1929.

1/ Included in "All Other States"

DISTRIBUTION OF THE INDUSTRY BY SIZE OF CITIES.

Tables X and XI show the distribution of the industry by size of cities.

TABLE X

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added, Classified by Size of City, 1933

Population of City	Establishments		Wage Earners		Wages		Cost of Materials a/		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
Total	601	100.0	26,908	100.0	19,574	100.0	47,492	100.0	92,547	100.0	45,055	100.0
Less than 2,500	35	5.8	1,802	6.7	1,077	5.5	2,481	5.2	4,370	4.7	1,889	4.2
2,500 - 4,999	6	1.0	582	2.2	283	1.4	399	.8	754	.8	355	.8
5,000 - 9,999	18	3.0	955	3.5	519	2.7	1,101	2.3	2,245	2.5	1,144	2.5
10,000 - 24,999	30	5.0	2,556	9.5	1,730	8.8	3,074	6.5	7,032	7.6	3,958	8.8
25,000 - 99,999	47	7.8	2,811	10.4	1,971	10.1	3,891	8.2	7,797	8.4	3,906	8.7
100,000 - 499,999	50	8.3	3,919	14.6	2,489	12.7	6,058	12.8	12,109	13.1	6,051	13.4
500,000 and over	415	69.1	14,283	53.1	11,505	58.8	30,488	64.2	58,240	62.9	27,752	61.6

Source: Bureau of the Census, Special Tabulation for NRA on Establishments Classified by Size of City. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.

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TABLE XI.

KNITTED OUTERWEAR INDUSTRY
Establishments, Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added,
Classified by Number of Wage Earners per Establishment and by Size of City, 1933

Number of Wage Earners per Establishment by Population of City	Establishments		Wage Earners		Wages		Cost of Materials[a]		Value of Products		Value Added by Manufacture	
	Number	Per Cent of Total	Number	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total	Thousands of Dollars	Per Cent of Total
All Establishments: Total	601	100.0	26,908	100.0	19,574	100.0	47,492	100.0	92,547	100.0	45,055	100.0
Cities less than 10,000												
Total	59	9.8	3,339	12.4	1,879	9.6	3,981	8.3	7,369	8.0	3,388	7.5
0 - 5 Wage Earners	9	1.5	39	.1	25	.1	76	.2	123	.1	47	.1
6 - 20 " "	17	2.8	210	.8	146	.8	308	.6	597	.7	289	.6
21 - 50 " "	13	2.2	480	1.8	258	1.3	548	1.2	1,159	1.3	612	1.4
Over 50 " "	20	3.3	2,610	9.7	1,450	7.4	3,049	6.4	5,490	5.9	2,440	5.4
Cities, 1,000 - 99,999												
Total	77	12.8	5,367	19.9	3,701	18.9	6,965	14.7	14,829	16.0	7,864	17.5
0 - 5 Wage Earners	10	1.7	29	.1	19	.1	59	.1	120	.1	61	.2
6 - 20 " "	26	4.3	303	1.1	218	1.1	359	.8	822	.9	462	1.0
21 - 50 " "	12	2.0	396	1.5	320	1.6	690	1.5	1,263	1.4	573	1.3
Over 50 " "	29	4.8	4,639	17.2	3,144	16.1	5,857	12.3	12,624	13.6	6,768	15.0
Cities, 100,000 - 499,999												
Total	50	8.3	3,919	14.6	2,489	12.7	6,058	12.8	12,109	13.1	6,051	13.4
0 - 5 Wage Earners	4	.7	12	[b]	7	[b]	15	[b]	37	[b]	22	[b]
6 - 20 " "	20	3.3	233	.9	136	.7	430	.9	755	.8	325	.7
21 - 50 " "	10	1.7	314	1.2	281	1.4	587	1.2	1,166	1.3	579	1.3
Over 50 " "	16	2.6	3,360	12.5	2,065	10.6	5,026	10.6	10,151	11.0	5,125	11.4
Cities, 500,000 and over												
Total	415	69.1	14,283	53.1	11,505	58.8	30,488	64.2	58,240	62.9	27,752	61.6
0 - 5 Wage Earners	91	15.2	241	.9	224	1.1	2,398	5.1	4,658	5.0	2,260	5.0
6 - 20 " "	165	27.4	1,920	7.1	1,735	8.9	5,290	11.1	9,475	10.2	4,186	9.3
21 - 50 " "	91	15.2	2,955	11.0	2,569	13.1	7,305	15.4	13,654	14.8	6,348	14.1
Over 50 " "	68	11.3	9,167	34.1	6,977	35.7	15,495	32.6	30,453	32.9	14,958	33.2

Source: Bureau of the Census, Special Tabulation for NRA. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ Includes cost of materials, containers, fuel, and purchased electric energy.
b/ Less than 0.1 per cent.

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CHAPTER II

LABOR

EMPLOYMENT

NUMBER EMPLOYED AND SEASONALITY: According to the United States Census of Manufactures, the number of wage earners in the knitted outerwear industry were:

41,503	in	the	year	1923
27,936	"	"	"	1925
24,662	"	"	"	1927
28,968	"	"	"	1929
26,142	"	"	"	1931
26,908	"	"	"	1933

Figures of the Knitted Outerwear Code Authority, which are not strictly comparable with census figures as they, unlike the census figures, include employees in all size establishments and employees engaged in production of knit cloth, show 38,716 employees for 1934.(*) In March, 1935, the Code Authority presented figures showing 35,816 employees, exclusive of homeworkers. (**)

The figures of the Code Authority are taken as the more accurate totals for the industry's employment. However, the census figures may be used in showing trends as they are comparable despite their limitations.

The yearly and monthly averages of number employed during the period January, 1931 to August, 1935, are shown below:

(*) See Knitted Outerwear Code Authority Budget Files
N. R. A. Files

(**) See "Knitted Outerwear Times", issue of March 7, 1935.
Published by Nat'l Knitted Outerwear Assn. New York City

TABLE XII - KNITTED OUTERWEAR INDUSTRY
ESTIMATED NUMBER EMPLOYED

Month	(000) 1931	(000) 1932	(000) 1933	(000) 1934	(000) 1935
January	24.43	25.32	26.48	25.38	28.52
February	25.48	26.13	25.20	29.39	29.69
March	24.40	27.06	19.85	29.97	29.84
April	23.84	26.27	22.03	30.94	28.73
May	25.24	25.48	26.22	31.82	28.87
June	26.86	26.12	28.49	28.21	27.14
July	25.39	21.72	30.50	25.70	26.56
August	26.04	24.37	30.85	25.41	29.51
September	29.79	29.55	30.98	28.42	
October	29.59	31.62	30.78	29.57	
November	27.76	29.04	27.27	27.88	
December	24.83	23.84	23.75	26.77	
Average	26.14	26.38	26.87	28.29	
1929 = 28.97					

Source: Bureau of Labor Statistics and NRA, computations

The above estimates are based on Bureau of Labor Statistics data adjusted to census data.

The following employment index and Chart I based upon the same source of material as the above will give a more graphic picture of the increase and decline of employment throughout the months of the years 1931, 1932, 1933 and 1934, and through August of 1935.

TABLE XIII - KNITTED OUTERWEAR INDUSTRY
INDEX OF EMPLOYMENT

(1929 = 100%)

Month	1931	1932	1933	1934	1935
January	84.3	87.4	91.4	87.6	98.5
February	88.0	90.2	87.0	102.4	102.5
March	94.2	93.4	68.5	103.5	103.0
April	82.3	90.7	76.1	106.8	99.2
May	87.1	88.0	90.5	109.9	99.7
June	92.7	90.2	98.3	97.4	93.7
July	87.7	75.0	105.3	88.7	91.7
August	89.9	84.1	106.5	87.7	101.9
September	102.9	102.0	106.9	98.1	
October	102.2	109.2	106.3	102.1	
November	95.8	100.3	94.1	96.3	
December	85.7	82.3	82.0	92.4	
Average	90.2	91.1	92.7	97.7	

Source: Bureau of Labor Statistics and NRA, computations.

It is noted that, according to these figures, there was a gradual increase in employment from 1931 to 1933 (90.2 to 92.7). The year 1934, during which the code existed, brought about a slightly larger increase (92.7 to 97.7). The year 1935 through August appears likely to maintain the gain of the year 1934.

The peaks for the year come in the early spring and in the fall. The low level falls in July. The percentage of difference between the high and low periods for the year 1931 is 20.6 per cent, for 1932 year 34.2 per cent, for 1933 year 38.4 per cent and for 1934 year 22.3 per cent. The low period for 1933, accounting for the large percentage of difference for that year, occurred in March, before NRA's existence. In view of this fact and the greatly decreased difference for 1934 with figures through 1935 maintaining a fairly even level, it is believed that the NRA code for the industry had the effect of leveling out employment during the years 1934 and 1935.

At public hearings held on the knitted outerwear code during NRA, labor repeatedly claimed that labor in the industry was employed

only about one-half of the actual working time of the year. The tendency to spread employment throughout the months of the year, if it continues, should satisfy and benefit labor. Whether it will continue in the absence of working hour and machine hour limitations of the code remains to be seen.

GEOGRAPHICAL DISTRIBUTION: The geographical distribution of employees can be shown only for the wage earners of the years 1929 and 1931.

TABLE XIV - KNITTED OUTERWEAR INDUSTRY
DISTRIBUTION OF WAGE EARNERS

(1929 -1931)

STATE	1929	1931
California	1,280	-
Illinois	511	613
Massachusetts	1,961	1,875
Michigan	167	-
Minnesota	125	147
New Jersey	938	967
New York	11,836	10,325
Ohio	2,560	2,275
Pennsylvania	4,521	4,485
Rhode Island	-	105
Utah	295	-
Washington	130	165
Wisconsin	2,561	1,650
Other States	2,028	3,536
TOTALS	28,963	26,142

Source: U.S. Census of Manufactures.

The above table indicates a distribution of employees, in 1931, as follows:

New York	39.5%	Wisconsin	6.3%
Pennsylvania	17.1%	New Jersey	3.7%
Ohio	8.7%	Illinois	2.4%
Massachusetts	7.2%	Other States	15.1%

New York and Philadelphia alone have 56.6% of the employees. Employees for California were not shown for 1931 but, in view of the fact that they represented 4.4 per cent in 1929, they are believed to be still noteworthy.

HOURS.

AVERAGE WEEKLY HOURS: The following table shows, by month and year, the average weekly working hours during the period from January, 1932 to August, 1935, inclusive:

TABLE XV - KNITTED OUTERWEAR INDUSTRY
AVERAGE HOURS WORKED PER WEEK

Month	1932	1933	1934	1935
January	42.7	44.3	35.3	34.8
February	42.7	40.8	36.4	35.1
March	45.5	37.0	35.6	34.6
April	41.4	34.2	37.2	33.3
May	40.9	40.6	35.1	33.7
June	36.3	46.5	33.4	34.8
July	35.1	45.4	34.8	34.1
August	42.0	35.7	36.1	26.8
September	44.7	36.3	32.9	
October	45.5	37.0	30.4	
November	38.2	34.4	33.4	
December	37.2	36.9	33.0	
Average	41.0	39.1	35.0	

Source: Bureau of Labor Statistics and NRA

Attention is invited to Chart II, appearing at the end of this chapter.

The average working hours per week of employees in the knitted outerwear industry are given as 41.0 for the 1931 year; 39.1 for the 1933 year; and 35.0 for the 1934 year. During the year 1932 hours were above forty per week for eight months, while for the following year they were above forty, during five months, and since June of that year up until August of 1935 they have not exceeded 36.9. The high for 1932 of 45.5 appeared both in March and October of that year. The high of 46.5 for 1933 occurred in June. The high of 37.2 for 1934 occurred in April and the high for 1935, through August, is 35.1 for February. The lows for these three years and eight months of the year 1935 are interesting, being, for 1932 - July - 35.1; for 1933 - April - 34.2; for 1934 - December - 33.0 and for 1935 - August - 26.8.

The marked decline in hours since 1933 is believed to be mainly due to the reduced hours under the NRA code for the industry.

MAN-HOURS: Data concerning man-hours for years prior to 1932 are not available. Bureau of Labor Statistics and NRA, data show average

man-hours per week in 1932 as 1,087,000. From this point to the end of 1933, there was a reduction to 1,053,000. At the end of 1934, the average had decreased further to 990,000 and was followed by an average for the first eight months of 1935 of 955,000. It is pointed out that the decline came about in spite of an increase in employment over this period.

A more detailed picture may be had from Chart III, appearing at the end of the chapter, and the following table:

TABLE XVI - KNITTED OUTERWEAR INDUSTRY
ESTIMATED TOTAL MAN-HOURS PER WEEK

Month	(000) 1932	(000) 1933	(000) 1934	(000) 1935
January	1,081	1,173	896	992
February	1,116	1,028	1,070	1,042
March	1,231	734	1,067	1,032
April	1,087	754	1,151	957
May	1,042	1,064	1,117	973
June	948	1,325	942	944
July	762	1,384	894	906
August	1,023	1,101	917	791
September	1,321	1,125	935	
October	1,439	1,139	1,076	
November	1,109	938	931	
December	857	876	883	
Average	1,087	1,053	990	

Source: Bureau of Labor Statistics and NRA

WAGES.

TOTAL PAYROLL: In 1923, the peak year for the Knitted Outerwear Industry, the total payroll was at its height, being $52,292,909. By 1925 it had decreased to $36,332,443 and from that it lowered to $28,934,000 in 1929, to $24,744,000 in 1931 and to $19,522,709 in 1933. (*). The year 1934 brought about little change over the year 1933, the figure being $19,526,000. (**) While these figures from the U. S, Census of Manufactures and the Bureau of Labor Statistics do not agree with totals submitted by the national knitted outerwear association and, because of the census limitations, are believed to be slightly lower

(*) U. S. Census of Manufactures
(**) Bureau of Labor Statistics data, adjusted to census data

than the true figure, they are comparable and show the correct trend.

Available data on average weekly payrolls include months from January, 1931 through August, 1935. They are outlined in the following table:

TABLE XVII- KNITTED OUTERWEAR INDUSTRY
ESTIMATED WEEKLY PAYROLL

(1,000's of Dollars)

Month	1931	1932	1933	1934	1935
January	455.2	435.5	379.0	326.6	389.3
February	490.5	476.8	354.7	390.3	423.4
March	459.8	467.6	240.3	386.2	413.0
April	431.5	420.4	267.1	408.8	388.2
May	478.5	381.0	354.6	417.8	387.9
June	500.3	394.5	383.9	356.6	395.5
July	427.0	281.2	408.6	329.4	391.4
August	474.6	384.4	449.5	344.6	424.8
September	532.1	517.5	470.0	377.8	
October	546.7	529.6	491.0	440.1	
November	488.8	416.7	400.9	373.4	
December	425.2	313.4	305.6	354.1	
Average	475.9	418.2	375.4	375.5	

Source: Bureau of Labor Statistics and NRA, data adjusted to census data

The estimated average weekly payroll for the year 1929 is given at $556,400. In the decline for the following years up to 1934, this figure lowers to $475,900 in 1931, to $418,200 in 1932, and to $375,400 in 1933. The 1934 year maintained the 1933 level, with a very slight increase.

At the end of this Chapter appears Chart I, based on the following index of payrolls:

TABLE XVIII - KNITTED OUTERWEAR INDUSTRY
INDEX OF PAYROLLS (1929) = 100%)

Month	1931	1932	1933	1934	1935
January	81.8	78.3	68.1	58.7	70.0
February	88.2	85.7	63.8	70.2	76.1
March	82.6	84.0	43.2	69.4	74.2
April	77.6	75.6	48.0	73.5	69.8
May	86.0	68.5	63.7	75.1	69.7
June	89.9	70.9	69.0	64.1	65.7
July	78.7	50.5	73.5	59.2	67.2
August	85.3	69.1	90.8	61.9	76.4
September	95.6	93.0	84.5	67.9	
October	98.3	95.2	88.2	79.1	
November	87.8	74.9	72.1	67.1	
December	76.4	56.3	54.9	63.6	
Average	85.5	75.2	67.5	67.5	

Source: Bureau of Labor Statistics and NRA, data adjusted to census data

At no time since 1931 have payrolls reached the 1929 level. The index fluctuates, throughout each year parallel to the seasonal changes in production. The highest level reached during these years is found in September and October of the years 1931 and 1932, when payrolls amounted to between 93 and 98.3 per cent of the 1929 average. The lowest level reached was in March and April of 1933 when the percentage dropped below 50 per cent of the 1929 average.

HOURLY WAGES. Average hourly wages in the knitted outerwear industry are given by the Bureau of Labor Statistics for the year 1932 at 34.0 cents, for the year 1933 at 35.6 cents, for the year 1934 at 44.4 cents and for the first eight months of the year 1935 at 45.8 cents. Figures for previous years are not available.

The following table presents more in detail the average hourly wages for these years.

TABLE XIX - KNITTED OUTER EAR INDUSTRY
AVERAGE HOURLY WAGE (CENTS)

Month	1932	1933	1934	1935
January	39.2	24.6	43.5	45.2
February	38.4	29.7	43.1	46.1
March	35.0	29.4	43.4	45.4
April	31.3	31.5	43.3	46.2
May	31.8	29.8	43.5	45.8
June	41.5	28.5	44.4	46.8
July	31.3	29.4	43.3	45.9
August	31.4	40.8	44.6	45.2
September	34.3	42.7	45.1	
October	32.4	41.5	45.1	
November	31.6	40.8	46.5	
December	30.1	42.5	46.6	
Average	34.0	35.6	44.4	

Source: Bureau of Labor Statistics in cooperation with NRA

Examination of the above Table and Chart II, which appears at the end of this Chapter, reveal an outstanding fact that, since the beginning of August, 1933, up until the end of the eighth month of the year 1935, the average hourly wage has been well over 40 cents per hour. Prior to August 1933 the figure had been substantially under 40 cents per hour, with the exception of the one month of May in 1932. It is believed that this increase is the result of code application, especially since the industry began complying with the shorter hour and minimum wage provisions of the code in July or August of 1933. It is also noted that throughout the year 1934 there was a steady increase in the hourly wages up to the last month of the year, and during the eight months of 1935 the level reached was maintained.

WEEKLY WAGES: Average weekly wages, despite the decline in hours from 1932 to 1935, increased from $15.21 in 1932 to $16.19 in the first eight months of 1935. There was a slight decrease in 1933, caused by a low average for the first six months of the year. During all months after August, 1933, the average weekly wage maintained a comparatively high level for this industry, not going below $14.56. Before August in 1933 and in the year 1932 there were occasions when the wage dropped to as low as $12.41. This indicates that the operation of the code and the President's Reemployment Agreement brought about a wage increase.

Chart II and the following table may be used in making comparisons.

TABLE XX - KNITTED OUTERWEAR INDUSTRY
AVERAGE WEEKLY WAGE (DOLLARS)

Month	1932	1933	1934	1935
January	17.08	14.38	15.51	16.08
February	17.55	14.09	16.03	16.82
March	16.60	12.10	15.55	16.26
April	15.38	12.12	15.84	15.81
May	14.29	13.51	15.81	15.45
June	14.44	13.46	14.80	16.26
July	12.41	13.39	15.03	15.98
August	15.06	14.56	15.90	17.29
September	16.84	15.16	15.56	
October	16.16	15.94	17.14	
November	13.85	14.75	15.35	
December	12.88	15.51	15.23	
Average	15.21	14.08	15.65	

Source: Bureau of Labor Statistics.

These same figures for 1931 show a $17.58 average for the year with a high in February of $18.48 and a low in July of $16.20. The high average for this year has not been equaled since.

AREA WAGE DIFFERENTIALS: The code for the knitted outerwear industry provided for a difference in wages paid in the Northern area and the Southern area. The Southern area was defined to include the states of Virginia, Tennessee, Kentucky, North Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Texas, Louisiana and Oklahoma. The Northern section included the District of Columbia and all other states. The differential was between the minimum wage rate of 35 cents per hour to be paid in the Northern area and the minimum wage rate of 32½ cents per hour to be paid in the Southern area. In support of this differential, the usual contention, i.e., labor efficiency and living cost was not as great in the South as in the North, was made by the industry. There are scattered NRA correspondence files from individual manufacturers located in small towns and rural communities in most all sections of the country which claim they have existing around them the same conditions alleged to exist in the Southern area.

Figures furnished by the Knitted Outerwear Code Authority, purporting to show the average monthly, weekly, and hourly earnings per employee in 456 concerns of six industry districts during the four months of May to August of 1934, are as follows:

TABLE XXI - KNITTED OUTERWEAR INDUSTRY

AVERAGE MONTHLY, WEEKLY, AND HOURLY
WAGES OF SIX INDUSTRY DISTRICTS

(Per Employee Based on Reports of 456 firms)

1934 Month	All Districts	Districts of Cleveland	Western	New England	Pacific Coast	Philadelphia	Metropolitan
			Average Monthly Wages				
May	$50.225	$30.107	$42.688	$44.721	$56.484	$72.219	71.151
June	49.316	26.781	41.580	44.183	62.616	63.779	70.096
July	45.996	27.661	43.423	37.333	58.133	58.628	63.626
August	51.305	32.958	49.454	42.316	68.731	69.500	69.473
Average	$49.210	$29.379	$44.286	$42.138	$61.491	$66.031	68.586
			Average Weekly Wages				
May	$11.41	$ 6.85	$ 9.70	$10.17	$12.84	$16.42	$16.17
June	11.74	6.38	9.90	10.52	14.91	15.19	16.69
July	10.95	6.59	10.35	8.89	13.84	13.96	15.15
August	11.16	7.17	10.75	9.20	14.94	15.11	15.11
Average	$11.31	$6.75	$10.17	$ 9.69	$14.13	$15.17	$15.78
			Average Hourly Wage Rates				
May	$.5049	$.4527	$.4403	$.4831	$.4714	$.5253	$.5932
June	.5127	.4849	.4524	.4703	.5003	.5090	.5964
July	.5212	.4600	.4566	.5030	.5013	.5260	.6232
August	.5253	.4669	.4647	.5192	.5208	.5385	.6224
Average	$.5135	$.4661	$.4535	$.4939	$.4985	$.5247	$.6083

Source: Knitted Outerwear Code Authority

The figures in the foregoing table, in total value, disagree with the Bureau of Labor Statistics figures in Tables Numbers XIX . and XX. They are used, however, to show the relative differences in wages of the various districts as they actually exist.

The wages paid in the six districts may be better compared by using the following calculations which show the relative wages in each area, compared with the average for the whole country:

	Average for All Districts	Cleveland	Western	New England	Pacific Coast	Philadelphia	Metropolitan
Weekly	100.0%	59.7%	89.9%	85.6%	125.8%	134.1%	130.7%
Hourly	100.0%	90.8%	88.3%	92.2	97.1	102.2	118.6%

The concentration of labor union strength and the recognized higher living cost of the Philadelphia and metropolitan areas probably account for the higher earnings in those two districts.

CHILD LABOR.

There is no evidence of a child labor problem in the knitted outerwear industry. Child labor is not employed in the industry to any notable degree, except possibly in the homework branch. Here there are no actual facts to show its extent. Where used, it would be without the knowledge and control of the industry, because of the absence of the employer or his representative while the work is being performed. There is no way to know of, or prevent, the mother in a home allowing her children to assist her in hand-knitting crocheting, or joining.

The NRA Code for the Knitted Outerwear Industry prohibited employment of children under 16 years of age in the industry. Further restrictions in this respect are imposed upon the industry by-laws in some states.

LEARNERS OR APPRENTICES.

The NRA Code for the Knitted Outerwear Industry termed an employee with less than 8 weeks' experience in the Industry as a "learner" and permitted payment of 75 per cent of the code minimum wage to that type of employee. The code further restricted the number of learners employed at the reduced minimum wage to one for every twenty employees in any Plant.

During NRA, there was some argument over the length of the learning period and the five per cent restriction upon the number employed. Six members of the industry made application to NRA for exemption from the learner provisions of the Code. Of the six, the first two were denied and the remaining four were granted, with limitations.

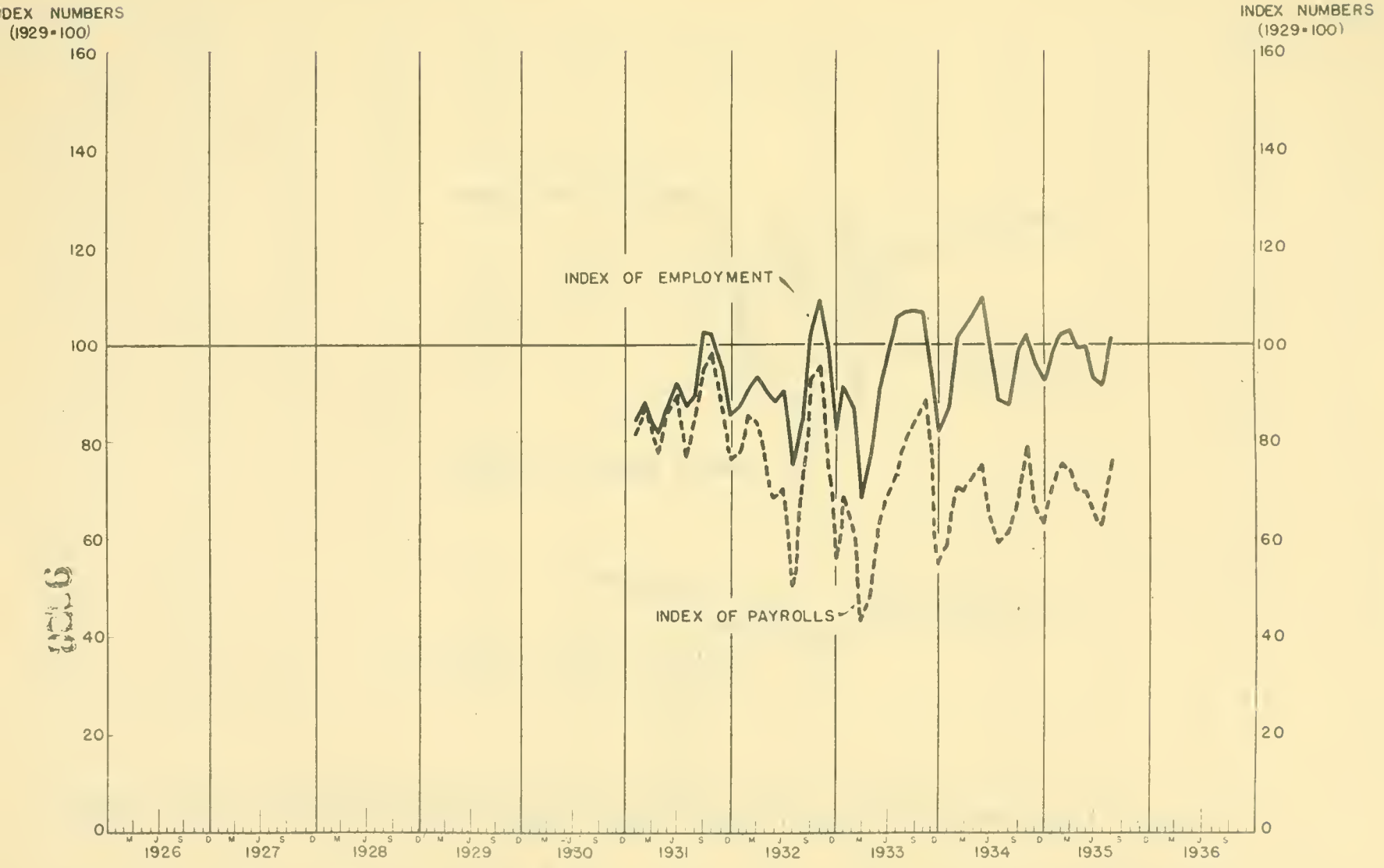
A rigid rule for a learning period of 8 weeks appears to be impracticable of application to all occupations within the industry. Obviously, this is true with there being a wide variety of occupations ranging from a most simple one of boxing merchandise to a highly skilled one of adjusting and repairing a knitting machine.

LABOR UNION INFLUENCE.

The extent of collective bargaining and unionization of the industry have already been shown in Tables I and II. Keeping in mind the small extent of unionization within the industry, it can be said that labor unions have exerted little influence upon labor in this industry. However, since the majority of the industry is located in and around the metropolitan and Philadelphia districts, where almost all of the labor union activity is found, the influence would be greater than indicated by the percentages showing the extent of unionization. With other factors, such as federal and state government legislation for labor's benefit entering into the picture, organized labor is already strongly entrenched in kindred industries should assist in the unionization of this Industry.

KNITTED OUTERWEAR INDUSTRY

INDEX OF EMPLOYMENT AND PAYROLLS



SOURCE COMPUTED FROM BUREAU OF LABOR STATISTICS UNPUBLISHED DATA
WITH N.R.A. ADJUSTMENT TO 1933 CENSUS

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DIVISION OF REVIEW
STATISTICS SECTION
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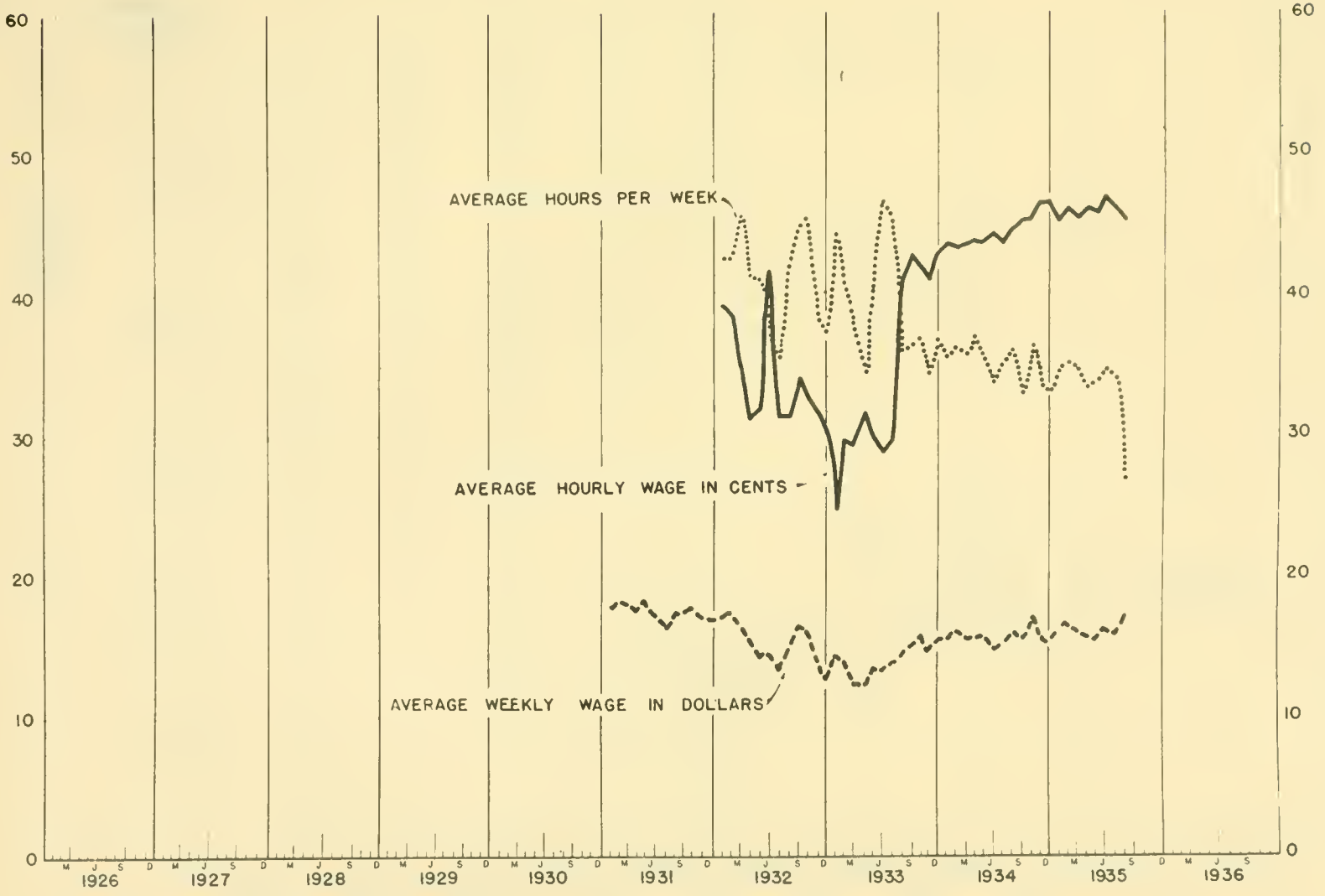
CHART I
THE KNITTED OUTERWEAR INDUSTRY

KNITTED OUTERWEAR INDUSTRY

HOURS AND WAGES



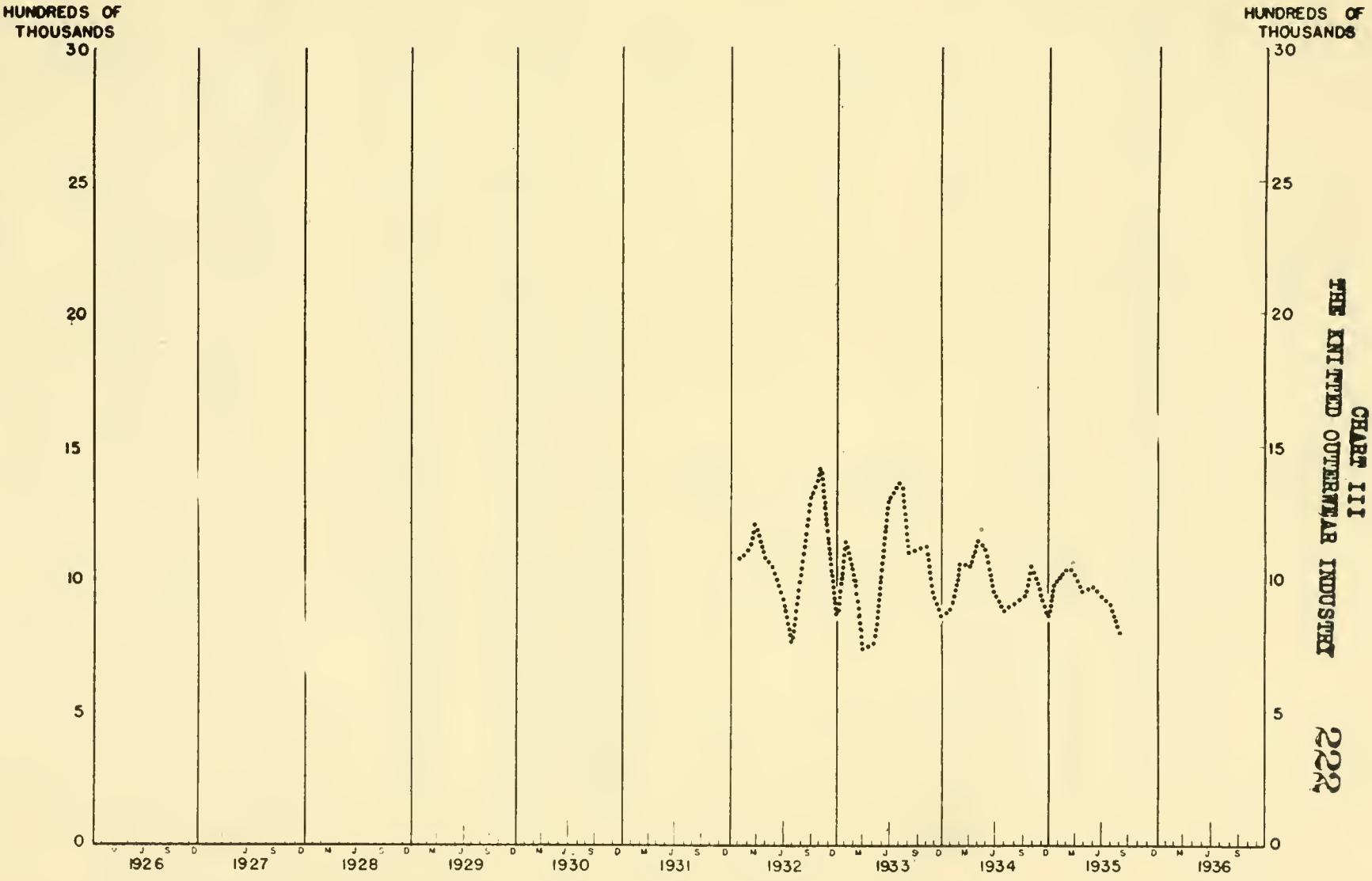
SOURCE: COMPUTED FROM BUREAU OF LABOR STATISTICS, UNPUBLISHED DATA

NRA
DIVISION OF REVIEW
STATISTICS SECTION
NO. 401

CHART II
THE KNITTED OUTERWEAR INDUSTRY

KNITTED OUTERWEAR INDUSTRY

ESTIMATED TOTAL MAN-HOURS PER WEEK



SOURCES:
BUREAU OF LABOR STATISTICS IN COOPERATION WITH N R A
AND N R A ADJUSTMENT TO 1933 CENSUS TOTAL

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STATISTICS SECTION

CHART III
THE KNITTED OUTERWEAR INDUSTRY

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CHAPTER III

PRODUCTION AND DISTRIBUTION

RAW MATERIALS

The yarns used in producing knitted outerwear are made of the basic materials, wool, cotton, silk or rayon. They are made of 100% of these materials or of their combinations.

Figures presented by the National Knitted Outerwear Association show that:

"In 1929 the relative amounts of materials used in Knitted Outerwear Industry were:

Wool	62%
Cotton	34%
Rayon	3%
Silk & Others	1%

"In 1932, their percentages were as follows:

Wool	76%
Cotton	12%
Rayon	11%
Silk & Others	1%

Made from the four basic materials are a wide variety of yarns. There are yarns known as "worsted yarns" made of wool. There are expensive wool yarns known as "alpaca", "mohair", "bengora", and "angora". These wool yarns have been duplicated by cheaper combinations known by the same names. There are also other yarns known as "boucle", "ratine", "silvertone", and "chenille".

These yarns are usually purchased ready-dyed, requiring only winding as the process preliminary to knitting. There may be cases, however, where dyeing is done by the manufacturers.

QUANTITY AND VALUE OF PRODUCTS.

The quantity and value of production of the different products of the industry are shown by Table XXIII.

Percentages of total value of the different production of the industry are shown by the following table:

TABLE XXII -- KNITTED OUTERWEAR INDUSTRY
RELATIVE VALUE OF THE DIFFERENT INDUSTRY PRODUCTS

(1929 - 1931 - 1933)

Product	Percentage of Total Value		
	1929	1931	1933
Sweaters, Coats and Jerseys	61.6	52.3	52.0
Bathing Suits	15.2	12.0	13.4
Scarfs and Shawls	.8	.5	1.2
Headwear (except Infants)	2.6	3.0	3.9
Dresses and Suits	7.7	19.3	17.7
Neckties	1.2	.3	1/
Infants' Outerwear	5.8	7.8	6.1
Other Outerwear (exclusive of athletic and golf hose and knitted fabric)	5.1	4.8	5.7 1/
	100.0%	100.0%	100.0%

Source: United States Census of Manufactures.
1/ For 1933, "Neckties" are included among "Other Outerwear".

It is seen from the above table that sweaters, coats, jerseys, bathing suits, and dresses and suits constitute the greater portion of the industry's production. Dresses and suits have become more popular since 1929 and play a larger part in the industry's business, their production increasing from 07.7 per cent to 17.7 per cent of the total production. The volume of business on scarfs and shawls, headwear and infants' outerwear shows some increase. There has been decline since 1929 in the volume on sweaters, coats, jerseys, bathing suits and neckties, while other outerwear seems to maintain a steady level.

PROCESSES.

Of each product there is a variety of types produced by several different processes of manufacture.

There are three general methods of producing wholly machine-made knitted outerwear:

(a) Full-fashioned, by which the knitting machine fashions the fabric to conform to the shape of the body,

(b) By knitting fabrics into shape of parts of garments, which are joined together with other knitted parts to complete the garment.

TABLE XXIII

KNITTED OUTER EAR INDUSTRY
Production, Quantity and Value, By Products, 1929 to 1933

Product	1929 Quantity (Thousands of Dozens)	1929 Value a/ (Thousands of Dollars)	1931 Quantity (Thousands of Dozens	1931 Value a/ (Thousands of Dollars)	1933 Quantity (Thousands of Dozens	1933 Value a/ (Thousands of Dollars)
Total		149,856		112,180		93,868
Sweaters, Sweater Coats, Jerseys, etc.	4,807	89,429	4,032	56,077	4,999	47,962
Bathing Suits	1,021	22,084	963	12,859	833	11,349
Scarfs & Shawls	127	1,163	53	554	178	1,089
Headwear (except infants')	783	3,783	1,078	3,279	1,147	3,477
Neckties	628	1,717	131	327	56	219
Athletic and Golf hose	1,105	4,770	2,132	4,831	2,295	3,701
Dresses & Suits	85	11,160	242	20,689	2,908	15,406
Infants' Outerwear	-	8,394	-	8,338	b/	5,639
Other Outerwear	-	7,356	-	5,176	b/	4,976

Source: Census of Manufactures, 1929, Vol. II, p. 305; 1931, p. 273; 1933; "Knit Goods," p. 6. Data are for sub-classification "Outerwear" of Census classification "Knit Goods." They do not include establishments with annual production valued at less than $5,000.

a/ These totals do not agree with totals given for the entire industry because data on production by kind include Knit Goods produced by the Knit Goods Industry and that produced as secondary products in other industries, but do not include receipts for contract work.

b/ Not available.

Prepared by Industry Statistics Unit,
Statistics Section, Division of Review, NRA. November 22, 1935.

(c) By cutting up knitted yard goods fabric according to pattern and sewing the cut parts into shape of the garment design.

After each of the above processes comes the shaping, sizing and trimming of the garment.

There are three general methods of producing wholly or part hand-made knitted outerwear:

(a) By knitting or crocheting yarn by hand into the complete garment,

(b) By knitting or crocheting yarn by hand onto a part of an unfinished machine-made garment to complete the garment.

(c) By sewing together with yarn, by hand, machine-made parts of garments.

After the above processes, there also comes the shaping, sizing and trimming of the garment.

Since the yarn from which products are made is usually purchased already dyed, the yarn, as such, is usually the starting point of manufacture.

There are instances where a manufacturer of the industry begins operations upon knitted fabrics purchased from other members of the industry. This practice is said not to be common in the industry, except in the bathing suit branch. As has been stated above, for code purposes during NRA, manufacturers engaged in this practice, except bathing suit manufacturers, were excluded from the definition of the industry.

Of the listed products of the industry, all can be manufactured almost wholly by machine. Hand-knitting and crocheting can be employed altogether in the manufacturing of some sweaters, scarfs and shawls, knit headwear (tams, berets, and novelty headwear, neckties, dresses and suits (mostly sportswear), novelties and accessories, and infants' wear (sweaters, sacques, booties, headwear, etc.).

MACHINES.

TYPES: There is little available data on this industry's machines. In 1930 and 1931, surveys of the industry's machinery were made by the U. S. Department of Commerce. The reports of these surveys are limited in scope and rather technical, making their use in preparation of this report greatly limited.

Although the industry uses double rib, warp, Raschel, chain-loom, and a wide variety of other machines, for the knitting of fabrics, the two general types of knitting machines principally

used by the industry are--the circular knit machine and the flat-knit machine.

The circular-knit machine produces knitted cloth in a tubular shape, knitted over a round cylinder. Such cylinders range in diameter from one to about thirty-six inches. The number of needles around the cylinder of these machines range from one to near sixty per inch. Smaller yarns require finer stitches, making the use of more needles per inch necessary. The size (diameter) of the cylinder, of course, determines the size of the fabric produced by the machine since the fabric is knit around the cylinder.

Such items as sleeves to garments, the body of a garment, and other tubular pieces are knitted by this type of machine. These machines also produce knitted fabric for cutting up.

Fabric produced in tubular form is used for cutting-up because in standard work, where constant changes in the designing device of the machine is not necessary, the circular machine is more efficient in its operation and produces fabric at less cost than the flat machine. The flat machine, however, is more adaptable when used on items where constant changes in pattern exist.

The flat machine produces flat fabric as yardage knit goods or as pieces of garments, full-fashioned or in shape of a garment part. On the flat-knit machine there is a "needle-bed", performing a function corresponding to that of the cylinder on the circular-knit machine. The fabrics are knitted across this "needle-bed" which lies flat in the machines, and the width of the "needle-bed" determines the greatest width of fabrics that can be produced. The needles on this type of machine are spread across the width of the "needle-bed" ranging from two per inch to twenty per inch. As in the case of the circular machine the number of needles per inch and the size of yarn used determine the fineness of the stitch.

For both the circular and flat-knit types, there are plain, pattern wheel, and Jacquard machines. The plain machines produce plain fabrics or garment parts of one color. The pattern wheel machines produce fabric or garment parts with a limited number of stripes of colors other than that principally making up the fabrics. The Jacquard machine allows several colors of yarn in the making up of the item arranged in more intricate designs than the pattern wheel machine.

Special designing and color and stitch combinations on knit fabrics is done by a timing device, which acts upon the needles of the machine at the proper time, causing them to pick up from the yarn feeders the color of yarn necessary for the stitch, or at the proper time to miss a stitch not needed in the stitch combination.

EXTENT OF USE OF EACH TYPE: The following table shows the extent of use of the circular type machine and the flat type machine on certain garments in the three areas covered by the survey of the United States Department of Commerce.

TABLE XXIV - KNITTED OUTERWEAR INDUSTRY
PRODUCTS OF PHILADELPHIA, CLEVELAND AND NEW YORK PRODUCED ON CIRCULAR AND FLAT MACHINES 1/

CIRCULAR

Philadelphia	Number	Cleveland	Number	New York	Number
Bathing suits	49	Sweaters	441	Bathing suits, sweaters	170
Bathing suits, trimmings	6	Caps and Scarfs	131	Children's Wear	9
Boys' suits, sport coats	8	Hockey caps	147	Hose	44
Cloth	80	Gloves and sweaters	26	Jersey cloth	78
Golf hose	1	Sweaters and trimmings	264	Knitted fabrics	4
Women's wear	2	Trimmings	170	Mufflers	18
Men's Scarfs	4	Sweaters & bathing suits	20	Rayon Fabrics	36
Ribbed Children's wear	12	Sweaters, jackets & caps	23	Ribbed cloth and sweaters	29
Shaker sweaters	34	Sleeves	92	Pullovers and suits	46
Sport coats, sweaters	8	Ladies' suits & sweaters	9	Suits, sweaters (ladies')	22
Sport coats, sweaters, bathing st	10	Astrachan sweaters	24	Sweaters, coats & pullovers	14
Sweaters	279	Hockey caps & sleeves	20	Suits, sweaters & dresses	6
Sweaters, bathing suits	262	Sport coats	9	Sweaters	64
Sweaters, cloth	2	Bathing suits, sport coats	6	Sport suits & coats	34
Sweaters, hose	58	Mittens	30	Suits	31
Sweaters, women's suit	12	Miscellaneous	18	Theatrical goods	7
Trimmings	253			Sportswear	153
Unknown	73			Trimmings	93
				Not given	21
Total	1,153	Total	1,430	Total	879

FLAT

Philadelphia		Cleveland		New York	
Trimmings	89	Trimmings	212	Children's wear	55
Shaker sweaters	120	Sweaters	120	Coats & sweaters	31
Shaker sweaters, trimming	16	Caps	12	Dresses, neckwear, suits	78
Sweaters, women's suits	2	Sleeves	5	Golf hose, suits, sweaters	8
Sweaters, hose	14	Sweaters and caps	4	Golf hose, sweaters	5
Sweaters	63			Golf hose	1
Sweaters, trimmings	14			Hose, baseball & football	15
Sweaters, bathing suits	10			Jerseys	3
Sport coats	1			Ladies' Knitted Outerwear	42
Women's wear	13			Mufflers, neckwear, suits	75
Unknown	109			Neckwear, suits	52
				Ribbed cloth	15
				Shaker sweaters	8
				Suits & sweaters	46
				Sweaters & trimmings	8
				Sweaters, hose	3
				Sweaters	241
				Suits	113
				Trimming & bordering	110
				Not given	165
Total	451	Total	353	Total	1,074

1/ The number of machines used in this table do not represent all machines in these areas but only the machines in representative plants included.

Source: "Knitted Outerwear Machinery in Philadelphia", by United States Department of Commerce.

It is noted that of the flat type machines the New York area uses it to a greater extent than does the other areas. This is said to be due to the fact that constant style changes, which make it necessary to constantly change patterns, are more prevalent in this area.

Below are percentages showing the relative extent of use of various types of machines:

Links & Links Power	62.55%
Flat Power	45.3 %
Circular Rib	45.2 %
Links & Links Hand	42.77%
Raschel	40.6 %
Circular Jersey	38.41%
Spring Needle	33.8 %
Flat Hand	28.75%

These percentages, taken from the "Knitted Outerwear Times", issues of March 21, 1935, are based on reports for the month of May, June, July, and August of 1934, from 488 manufacturers made to the statistical department of the Knitted Outerwear Code Authority. The figures represent the average percentage of highest potential use members of the industry were getting during the period of observation in the case of each type of machine and represent mill averages not weighted according to number of machines in each mill. Totals for the number of machines in the industry are not available.

AGE: The industry is known to be using machines as old as twenty years. There seems to be a popular practice in this industry, as in many others, to rebuild and use second-hand machinery.

The survey made by the U. S. Department of Commerce for the three areas, viz., New York, Philadelphia and Cleveland, show, in 1930, the following:

Of circular-knit machines 23% were over 10 years old and 59% were less than 10 years old, while for 19% the ages were unknown.

Of the flat power-operated machines, 25% were over 10 years old and 46% were less than 10 years old, while the age of 29% were unknown.

Of the flat hand-operated machines, 47% were over 10 years old and 31% were less than 10 years old, while the age of 22% were unknown.

Of the Links & Links power machines, 37% were over 10 years old, 17% were less than 10 years old, while the age of 46% were unknown.

TABLE XIV - KNITTED OUTER EAR
RELATIVE COST OF WAGES AND MATERIALS

(INCLUDING)
(containers, fuel and purchased electric energy)

Year	Value of Product (000's of dollars)	Wages (000's of dollars)	Cost of Materials (including containers, fuel, and purchased electric energy) (000's dollars)	Percentage Ratio Wage to Value of Product	Percentage Ratio Cost of Materials to Value of Product
1929	147,249	28,934	75,876	19.6	51.5
1931	111,575	24,744	55,571	22.2	49.9
1933	92,547	19,575	47,492	21.2	51.8

Source: U. S. Census of Manufacturers.

The above table indicates little change in the relative wage and the relative material cost for the three years shown, the average wage cost and material cost being 21.3 per cent and 51.1 per cent, respectively, with a variance of not more than 1.7 per cent for the first and 1.2 per cent for the latter. Thus it follows that any change in wage cost would be reflected in the value of product by approximately a 1 to 5 ratio, and any change in material cost would be reflected in the value of the product at less than a 1 to 2 ratio. For example, if wool yarn increases in price 100 per cent, the wool suit should not increase in price more than 50 per cent, and if labor cost increases 50 per cent, the resultant necessary price increase of the product should be only 10 per cent.

SEASONALITY OF PRODUCTION.

This industry, like other garment and textile industries, has marked seasonal fluctuations in production. Generally, the months of August, September, and October of each year during which fall and winter garments are produced, are the most active months, October being the peak. From the October peak there is a sharp decline during the months of November and December. During the months of January and February there is a fairly substantial increase but it does not reach the October peak. From this point is a gradual decline with upward flurries until July, which usually has the least activity of any month in the year.

In the absence of monthly production figures Chart I has been prepared from payroll indexes. For the years 1931, 1932, 1933 and 1934, and eight months of 1935, in order to show more graphically the seasonal changes in production. With the exception of the year 1933, which seems to have been an abnormal year, the amount of payrolls of the years covered, indicates seasonal changes similar to those described in the foregoing paragraph. It is noted that the payrolls of the peak month of October for the years 1931, 1932, 1933 and 1934, respectively, are

(the 1929 average 100 per cent) 98.3, 95.2, 88.2 and 79.1 compared with the payrolls of the least active month of July of 76.7, 50.5, 73.5 and 59.2. The extent of change for each of these years, respectively, are 21.6, 44.7 and 19.9.

IMPORTS AND EXPORTS.

The extent to which the knitted outerwear product is imported and exported is shown to be negligible by what statistics there are available. Product classifications of the U. S. Tariff Commission make the data from this one source inadequate for a detailed discussion. However, the data in the following table show generally the extent.

TABLE XLVI - KNITTED OUTERWEAR INDUSTRY
SUMMARY OF PRODUCTION, IMPORTS AND EXPORTS

	Cotton	Wool	Embroidered Wool	Silk	Rayon	Total
Production 1/						
1927	2/	2/	2/	2/	2/	$124,800,969
1929	2/	2/	2/	2/	2/	145,086,149
1931	2/	2/	2/	2/	2/	107,299,408
1933	2/	2/	2/	2/	2/ 3/	90,166,644
1934	2/	2/	2/	2/	2/	2/
Imports						
1927	2/	1,929,197	2/	$75,255	2/ 4/	2,004,452
1929	2/	2,561,958	2/	95,115	2/ 4/	2,657,073
1931	$104,320	2,032,510	$47,059	36,496	$16,307	2,236,782
1933	122,[illegible]44	1,459,445	23,807	7,017	6,665	1,599,278
1934	242,805	1,086,431	21,395	8,795	10,519	1,369,745
1935(8 mos)	342,141	510,213	7,884	4,788	4,250	969,276
Exports						
1927	412,378 5/	341,784	2/	2/	2/ 6/	754,162
1929	419,844 5/	1,094,743	2/	2/	2/ 6/	1,514,587
1931	101,812 5/	779,870	2/	2/	2/ 6/	881,682
1933	46,749 5/	58,671	2/	2/	2/ 6/	105,420
1934	62,551 5/	66,886	2/	2/	2/ 6/	129,437
1935(8 mos)	48,810 5/	79,042	2/	2/	2/ 6/	127,852

1/ Not including athletic hosiery
2/ Not available.
3/ Preliminary.
4/ Not including cotton or rayon knit outerwear.
5/ Wool knit bathing suits only.
6/ Not including silk or rayon knit outerwear.

Sources: Production, Census bulletins on Knit Goods; imports and exports, Foreign Commerce and Navigation of the United States, Department of Commerce.

There has been a substantial decrease in imports since the peak year 1929. At the same time there was a decrease in the amount of domestic production. Little change is shown in the proportion of imports to the domestic production from 1927 to 1933, the 1927 year import being 1.6 per cent of domestic production; the 1929 year imports being 1.8 per cent; the 1931 year being 2.1 per cent; and the 1933 year being 1.8 per cent. This proportion for the year 1934 is believed to be slightly lower because there is recorded elsewhere an increase in domestic production for that year. The figures for the eight months of the year 1935 do not promise any increase in imports for this year.

Export figures during these years have behaved somewhat differently from the import figures. The figures increased in 1929 to be double those for 1927 with the year of 1931 bringing exports back to almost the 1927 level. The 1933 year saw a decrease over 1931 from $881,682 to $105,420. The following year 1934 brought the figure up to $129,437, and the eight months shown for 1935 promised an increase over that. Exports for the 1927 year were only 0.6 per cent of domestic production, for the 1929 1.0 per cent. It is not possible to compute these percentages for 1934 and 1935, but it is obvious that they cannot be over one-half of one per cent, if that much.

Despite the fact that statistics show imports to be of little relative importance, the Industry has been active in its work of fighting against importation of foreign knitted outerwear products. The 1929 Year Book of the National Knitted Outerwear Association reveals that as far back as 1929 the industry had, through the association, presented pleas to the Federal Government for protection against foreign goods. The Ways and Means Committee of Congress, the U. S. Tariff Commission and the Custom Courts located in New York have records of these pleas. During NRA, the Code Authority for the Industry presented a case to the Imports Division of the National Recovery Administration. These cases usually involved a specific type of product. During NRA the hand knit beret was principally involved. Also, there was some controversy with the Customs Courts over the size classifications of infants' outerwear.

DISTRIBUTION METHODS.

There seems to be a wide variety of methods employed by members of the knitted outerwear industry in the distribution of the product.

Some manufacturers sell their product direct to wholesalers, jobbers, retailers and consumers. There are some who sell through brokers, commission houses, and other selling agents.

There are jobbers in the industry who supply goods to contractors for manufacturing and pay them for the service of manufacturing the goods. Goods thus manufactured are sold in the first instance by the jobber.

The following table based upon the latest available figures indicates the extent of use of the different methods of distribution:

TABLE XXVII - KNITTED OUTERWEAR INDUSTRY
EXTENT OF USE OF DISTRIBUTION METHODS
(1929)

	Selling Value (FOB Factory)	Per Cent of Sales	Number of Plants Total	Number of Plants Selling exclusively as indicated
Total Sales	(*)$147,482,000	100.0	(**)690	------
Sales through mfgrs.' agents, selling agents, brokers or commission houses	27,427,000	18.6	141	69
Sales direct to sales branches, dealers or consumers	120,055,000	81.4	621	549
Total Distributed Sales	(*) 147,242,000	100.0	(**)687	---
Sales to mfgrs' own wholesale branches(***)	4,805,000	3.1	30	16
Sales to mfgrs' own retail branches	1,811,000	1.2	18	---
Sales to Dealers				
Wholesalers --	75,758,00	51.5	407	256
Retailers --	59,041,000	40.1	335	187
Sales to Consumers				
Industrial	3,129,000	2.1	31	4
Household	2,898,000	2.0	53	26

Source: U. S. Census, Distribution of Sales - 1929

(*) Total sales of Industry amounted (1929) to $147,482,000. Manufacturing plants were able to classify $147,242,000 worth of these sales, according to types of customers. The difference between these two sums ($240,000) represents the value of sales by plants which reported sales to manufacturers' agent, selling agents, brokers or commission houses, with further distribution unknown. This amount is not included in "total distributed sales."

(**) Total number of manufacturing plants engaged primarily in making knitted outerwear is 757 of these, 67 did only contract work, and 3 sold entire output to agents with further distribution unknown. Inasmuch as some plants sold in more than one way, this figure is less than total of figures shown below it.

(***)This report does not show distribution of sales of manufacturers' own branches.

Sales through manufacturers' agents, selling agents, brokers or commission houses made by 141 members out of a total of 690 who reported sales figures, represent only 18.6% of total sales, while sales direct to sales branches, dealers, or consumers made by 621, out of the total of 690, represent 81.4% of total sales. Of the 141 members of the industry engaged in selling by the first method, 69 sold exclusively by that means and, of the 621 members engaged in selling direct, 549 sold by the direct method exclusively. Thus it can be seen that the method of selling direct to sales branches, dealers, or consumers is used to a far greater extent than the other. The further breakdown shows the relative importance of sales, through both direct selling and selling agents, made to wholesalers, retailers and consumers. It is noted that sales to wholesalers amount to 51.5% of the total for all sales reported, with the sales to retailers following at 40.1%. Sales to manufacturers own wholesale and retail branches amount to 3.1%, and 1.2%, respectively. The sales to consumers amount to 4.1%, of which 2.1% is to industrial consumers and 2.0% is to household consumers. It is also seen that out of the total 687 plants covered, 407 sold to wholesalers; 335 sold to retailers; 30 sold to their own wholesale branches; 18 sold to their own retail branches; 31 sold to industrial consumers; and 53 sold to household consumers. 256 were engaged in selling exclusively to wholesalers; 187 were engaged in selling exclusively to retailers; 16 sold exclusively to their own wholesale branches; 4 sold exclusively to industrial consumers; and 26 were engaged in selling exclusively to household consumers.

Use of direct selling methods by manufacturers necessitates the employment of a sales force. There are exceptions, however, in cases where a business is so small as to permit the owner, or some other official, to handle the selling.

Selling through brokers, commission houses and other selling agents usually disposes of the services of salesmen, as they replace the salesmen and collect whatever commission the salesmen would gain. This type of selling agent also collects, in some cases, fees from retailers and others for whom the merchandise is purchased.

TRADE PRACTICES.

REGULATORY MEASURES: The first known efforts in industrial regulation were made on November 21, 1929 when a "Trade Practice Conference" was held in Chicago under the direction of the Federal Trade Commission. According to a statement issued January 28, 1932(*) by the Commission, members of the industry, estimated to represent 60 per cent of the industry's production, adopted at the conference resolutions embodying various trade practice rules.

After consideration of the resolution, the Commission reworded some of the rules and divided them into two groups. Group I the Commission approved: Group II the Commission "accepted as expression" of the policy by the trade.

(*) See Press release of F.T.C. re: Knitted Outerwear Industry, 1/28/32

Group I rules related to practices such as false branding of products, false advertising, price discrimination, secret payment of rebates, selling goods below cost and shipping goods on consignment, without bona fide orders. (*)

Group II rules related to the practice of usurping designs or styles, individual freedom in quoting sales terms and establishing prices, arbitration and provided for a "committee on Trade practice" to cooperate with the Commission. (**)

In 1933, after a Code of Fair Competition for the Knitted Outerwear Industry had been proposed to NRA but in advance of its approval by the President, the sportswear group of the industry selling to the retail trade adopted voluntarily and bound itself by a set of fair trade practice rules. (***)

These rules, which were to be in effect pending adoption of an NRA code embodying trade practice rules, related to and prohibited shipping goods on consignment; misbranding or false marking of products; misrepresentation or false advertising; special allowances or rebates to customers; furnishing customer special accessories free of charge; payment of commissions to resident buyers; payment of customers' advertising costs; selling goods without profit; selling other than f.o.b. shipping point and acceptance of returned goods except for defects or alterations, without a permit. Other of the rules provided for maximum discount rates and terms of sale, for a policy of arbitration, for limited prohibition of free sampling, for absorption of taxes by customers, and for additional charges for special measurements of goods. (****)

The NRA Code of Fair Competition for the Knitted Outerwear Industry, as approved by the President on December 18, 1933, contained three articles dealing with trade practices. (*****)

The first article - known as "Article X", entitled "Trade Practices" -contained provisions specifying a "billing point" for shipments and sales terms with maximum discount rates; and providing for complete prohibition of misbranding, misrepresentation and secret rebates; and

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(*) See Press Release of F.T.C. re: Knitted Outerwear Industry, 1/28/32

(**) See Press Release of F.T.C. re: Knitted Outerwear Industry, 1/28/32

(***) See "Knitted Outerwear Times" issues of November 11 and 24, 1933. Published by National Knitted Outerwear Assn. N.Y.C.

(****) See "Knitted Outerwear Times" issue of November 24, 1933. Published by National Knitted Outerwear Association New York City.

(*****) See Knitted Outerwear Code. Codes of Fair Competition as approved Government Printing Office Volume II page 367.

limited prohibition of acceptances of returned goods, shipments of goods on consignment, and sales of goods below cost.

The second - known as "Article XI" entitled "Standards" - directed that all merchandise not manufactured in accordance with standards to be adopted by the industry and approved by the U.S. Bureau of Standards be marked with a "substandard". This article also directed that all industry products be marked with an NRA label as a symbol of code compliance.

The third article - known as "Article XII" entitled "Contracting"- provided that manufacturers of knitted outerwear should pay for contract service such rates as would enable the contractor or sub-manufacturer to pay employees at least code wages and to sufficiently cover overhead. (*)

Upon recommendation of the industry, given through its code authority, the "selling below cost" provision of Article X of the code was modified by code amendment on June 2, 1934. (**) This amendment authorized the establishment of the "lowest reasonable cost" of merchandise and directed that manufacturers not sell below it when such was established and an "emergency" situation was declared to exist. The provisions of this amendment were also applicable in costs of payments to contractors or sub-manufacturers for contract services.

A second code amendment was approved September 25, 1934 on the basis of recommendations from the industry. These new provisions amended the "Terms of Sale" provision of the code by specifying separate terms to be used in the sale of knit fabric; the "Returns" provision of the code by defining the circumstances under which returns of knit fabric might be accepted; and the "Delivery Charge" provision providing knit fabric might be sold f.o.b. shipping point or New York City. (***) By these new provisions was added a rule prohibiting manufacturers' payment of special accessories for customers and a rule imposing a limited prohibition of advertising allowances.

Since the invalidation of NRA codes, no further regulatory measures have been taken as far as the writer has been able to ascertain. Attempts to formulate a voluntary trade code with trade practice rules included were unsuccessful.

Records available for research are found to be pitifully bare of facts regarding the industry's need for any of the trade practice rules

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(*) Discussion of the Contract System of Production appears in Chapter V.

(**) See Amendment No. 1, Knitted Outerwear Code. Codes of Fair Competition as approved Government Printing Office Vol. IV pg. 199.

(***) See Amendment No. 2, Knitted Outerwear Code. Codes of Fair Competition as approved Government Printing Office Vol. XVII Page 193.

d their operation within the industry. Accounting partly for this is the fact that during the time when the industry dealt with NRA in drafting the code, most of the real factual data concerning the industry and its needs were given in unrecorded conferences.

MISBRANDING AND MISREPRESENTATION: Designed to prevent the unfair use of misrepresentation or misbranding are Rules I and 2 of Group I of the Federal Trade Commission, the second and third rules of the sportwear group, sections (c) and (d) of Article X of the NRA code, and section (a) of Article XI of the NRA code.

Falsely marking or branding products for the purpose or with the intent of misleading or deceiving purchasers with respect to the origin, trade marking, quality, yarn content, or construction of such products constituted misbranding.

Publishing advertisements in any form which is misleading or inaccurate in any respect and in any way misrepresenting any credit terms, values, policies, services, nature or form of business conducted, or any goods with respect to their use, trade mark, grade, quality, quantity, origin, size, substance, character, nature, finish, material content or preparation constitutes misrepresentation.

Cases involving misbranding and misrepresentation have been cited by the Federal Trade Commission. A case of misbranding which may be used as a good example of the practice (*) is one where a manufacturer produced and sold a product labeled "Persian Pelt" which was in fact only a knitted imitation not made of the pelt of the Persian lamb or the pelt of any other animal. While this product was sold, to the manufacturer's customers, as an imitation, it was so labeled that it was improperly represented to the ultimate consumer. The decision of the Federal Trade Commission recognized this practice as a violation of law and directed the violator to "cease and desist" from the practice.

A common type of misrepresentation in this industry is the one where business concerns, with the word "Mills" or the words "Knitting Mills" added to their names, represent themselves to customers as manufacturers when, in fact, they do not own, operate or control any woolen mill or other factory but only purchase merchandise for resale. Cases of this type are common to the Federal Trade Commission and have been determined by it to be in violation of law. (**)

Other common cases of misrepresentation are found in the practice of one concern employing titles or trade marks similar to the ones employed by another, where the tendency would be to mislead purchasers. This type is also common to the Federal Trade Commission. A specific instance is a case where one concern developed its product and made it known to purchasers, through costly efforts, as a standard brand of

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(*) See Federal Trade Commission Docket No. 1921 in the matter of Joseph F. Brandler.

(**) See Federal Trade Commission Docket No. 1365 in matter of Western Woolen Mills Company.

high quality, marked "HYGRADE", and another concern subsequently adopted the same marking for similar products. The use of the mark "Hygrade" by the latter concern misled purchasers into buying products of the latter when they intended to buy the original "HYGRADE" product. The Federal Trade Commission, in its decision on the case, found this last firm in violation of law and ordered it to desist from using the mark "HYGRADE". (*)

Section (a) of Article XI of the Knitted Outerwear Code was something new to the industry as a rule to enforce the use of product standards. The Bureau of Standards reports that no commercial standards for the Knitted Outerwear Industry have ever been approved. Efforts on the part of the industry and that bureau were made during NRA to develop standards for sweaters and bathing suits but difficulties due to style changes were encountered, causing the work to cease in the spring of this year.

SALES TERMS: Standard terms of sale were not covered by the Federal Trade Commission's rules. The eighth and eleventh rules of the Sportswear group and sections (e) and (b) of Article X of the Code, as first approved and later amended, cover the terms of sale.

It is believed that the 3/10 e.o.m. discount rates for wholesalers and the 8/10 e.o.m. discount rate for retailers were adopted for inclusion in the code because they represent the discount terms which had been generally recognized in the industry as being fair and reasonable.

These rates appear to have worked generally to the satisfaction of the members of the industry. There were movements among the resident buyers for the allowance of larger discounts for quantity purchases. The National Retail Dry Goods Association, at the time of the public hearing on the proposed knitted outerwear code, went on record as desiring quantity discounts. This association, on the other hand, was strongly opposed to the fixing of maximum discount rates in any codes.(**)

The movement for quantity discounts had an unfavorable reaction in the industry. The Code Authority armed itself against the movement by a code interpretation that such allowance would be in violation of the code. The well known defense, that such a practice would tend to eliminate the small business firms, was used. Further the industry pointed out that a rejection of requests for additional discounts would not inflict injury on the consuming public because the economies effected by mass production would be spread to all purchasers rather than segregated to volume buyers. (***)

(*) See Federal Trade Commission Docket No. 763 in matter of Hygrade Knitting Co., Inc.

(**) See letter of 10/10/33 from National Retail Dry Goods Association, to NRA, Central Files, NRA.

(***) See "Knitted Outerwear Times", issue of August 17, 1934. Published by National Knitted Outerwear Association N.Y.C.

There is found nowhere on record reasons for the rule of the sportswear group and of the code as first approved that merchandise "shall be sold f.o.b. shipping point, except deliveries within the metropolitan areas local to the shipper."

In March, 1934, members of the industry located in Philadelphia applied to the Code Authority for exception from or revision of the shipping point rule so as to be permitted to prepay shipments into New York. These members of the industry claimed that the clause put them at a severe competitive disadvantage and menaced them with the loss of their accustomed share of the New York market. New York manufacturers were not placed in a similarly awkward position insofar as the Philadelphia market is concerned, it was stated, because Philadelphia buyers habitually visited New York for their purchases and did not confine their orders to local producers. Available data does not show the outcome of the application. (*)

The addition of the sentence, "All Knitted Outerwear fabrics shall be sold f.o.b. shipping points or f.o.b. New York City" to the code rule by amendment in September 1934 was supported by a claim that "the use of knitted outerwear fabrics by the cutting-up trade is so preponderantly in New York that manufacturers of the knitted outerwear fabrics in New York would be at a very great advantage over manufacturers of knitted outerwear fabrics in other parts of the country if they in New York were the only ones permitted to ship, assuming the cost of freight." (**)

RETURNED GOODS: None of the Federal Trade Commission rules concern the subject of returned goods. Attention is called to Rules 13 and 14 of the sportswear group and Section (f) of Article X of the code (as first approved and later amended) which relates to the subject.

The operation or effectiveness of the rules on this subject by the sportswear group are not known. The code provisions, however, bore out much in the way of discussion and controversy.

At an industry meeting of bathing suit manufacturers, held five months after approval of the code, possible plans for special rules governing the return of bathing suits were discussed. (***)

Suggestions for plans discussed were:

"1. A 50 per cent credit to retailers on all returns,

(*) See "Knitted Outerwear Times", issue of March 16, 1934. Published by Same as above.

(**) See Transcript of Public Hearing of June 7, 1934 - Knitted Outerwear Industry, N.R.A. files.

(***) See "Knitted Outerwear Times", issue of April 13, 1934. Published by National Knitted Outerwear Association N.Y.C.

thereby splitting the cost of the suits between manufacturer and retailer.

"2. The establishment of regional return boards in three or more centrally located cities so as to pass judgment on the justification of returns. All returns would be sent to these boards which would be comprised of representatives of retailers and manufacturers. It was pointed out in objection to this arrangement that it would be cumbersome, slow and expensive.

"3. The installation of some variation of the return permit system whereby permission to make the return must be sought from the manufacturer. This method was developed by the National Knitted Outerwear Association some years ago and has produced excellent results for members of the organizations utilizing it.

"4. Stipulation of a percentage leeway permitting retailers to return a stated percentage of their annual purchases. Several percentages were tentatively advanced."

The group voted to "ban the return of worn suits except for repairs; with unworn garments acceptable for return because of defects in manufacture and/or material, provided such return is made within thirty days of receipt." Provisions were made for appeals for exceptions to be made to the Code Authority.

At the meeting a dyeing expert told the group that it would be impossible to guarantee dye fastness except in cases of suits selling over $15.00. Basing his statements on actual test, he claimed that various climates and humidities affect bathing suits in different ways, causing fading at various rates of speed.

The Code Authority, on the tenth of April, 1934, the day following the meeting of bathing suit manufacturers, adopted return rules for the entire industry which were substantially the same as those adopted to govern bathing suit returns. (*)

Later, on June 15, 1934, the Code Authority mailed notices to retailers of the industry's products informing them of the circumstances under which return goods would be acceptable and of the procedure to be observed in making returns.

The circumstances under which goods might be returned were set

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(*) See "Knitted Outerwear Times", issue of April 13, 1934. Published by National Knitted Outerwear Association N.Y.C.

forth in the notice as follows:

"(a) Knitted outerwear manufacturers may accept the return of worn garments for purposes of repair or for adjustment only when the return is made because of proven inherent defects in material and/or manufacture not discoverable before wear.

"(b) Knitted outerwear manufacturers may accept the return of unworn garments only for defects in material and/or manufacture provided that such return is made within thirty days after receipt by the customer."

The procedure to be observed, as outlined in the notice, read as follows:

"1. That the merchant send the manufacturer a written request for permission to make such return, stating in detail the reasons therefor and sending a copy to the Code Authority:

"2. That the manufacturer agree and be able to maintain the position that the return is justified under the terms of this code definition:

"3. That the written request of the merchant, together with all details relating to such returns be preserved by the manufacturer and made available for inspection by the Code Authority upon its request."

The notice closed with the statement that:

"Appeals from the above may be made directly to the Code Authority. Your cooperation will help equitably solve a problem that has long been perplexing both manufacturer and retailer."

Response to the notice came from the retailers in the form of opposition, the expression coming by way of the National Retail Clothiers and Furnishers. (*)

The opposition expressed recognition of the fact that there existed clear-cut cases where the manufacturer had no right to accept the return of merchandise and the retailer had no right to demand it, but claimed that some knitted outerwear manufacturers distorted the "Return" provision of the code to their own advantage.

The National Association of Retail Clothiers and Furnishers asserted that it had never condoned the unwarranted return of merchandise.

(*) See "Knitted Outerwear Times", issue of August 24, 1934. Published by National Knitted Outerwear Association N.Y.C.

For fifteen years it had spent tremendous sums of money teaching retailers how to buy, how to budget stocks, and how to maintain stock control systems, it was claimed. Despite this, the retailers' spokesmen claimed, there will always be returns -- justifiable ones and ones on which honest opinion might differ. In instances where there is controversy, the manufacturers should accept the return, it was argued, because the retailer is always obliged to make a satisfactory adjustment when the customer returns a garment that is defective or apparently so, and is justified in shunting the garment back on his manufacturer.

The National Association Retail Clothiers and Furnishers further complained that code provisions, especially those of the knitted outerwear code, complicated the situation by requiring a letter to be written the manufacturer with a copy sent to the code authority. It was also pointed out that knitted outerwear is only one of many items on the retailers' shelves and the varied provisions of codes covering all merchandise carried in stock subjected the retailers to damaging confusion in attempting their observance.

When a code provision or law becomes arbitrarily prohibitive, it loses all force and effect and, unless manufacturers' code provisions are reasonable, they will ultimately become entirely futile and useless, the association predicted.

In concluding its statements, the National Association of Retail Clothiers and Furnishers announced its wish to cooperate with all Code Authorities but asked further consideration of returns regulations so as to permit retailers to make justifiable returns with a minimum of effort, cost and delay.

Opposing the contentions of the retailers' groups, the Knitted Outerwear Code Authority said that retailers as well as manufacturers should take cognizance of code requirements when seeking returns, instead of feigning ignorance and thereby fostering code violations. In reply to the retailers' argument that manufacturers should accept returns in doubtful cases, the Code Authority asserted that "returns" had become a problem only through an abuse of the privilege by the retailer.

The letter requirement, explained the Code Authority, was to enable the manufacturer to learn of the basis of return before he had returned merchandise placed in his hands.

No modifications of the return rules are found to be recorded.

In the Knitted Outerwear Times, issue of March 21, 1935, there appeared an article written by the Executive Director of the Code Authority and the National Knitted Outerwear Association, which states in part:

> "Unjust returns were, as near the present as two years ago, one of the most costly items confronting the average knitted outerwear manufacturer."

> "Times have changed, however. Most manufacturers

boast of appreciable reductions in returns. Of course, the Code is entirely responsible for this drastic curtailment of an annoying expense.(*)

Later in the spring of 1935 through the National Knitted Outerwear Association, placards displaying letters stating that no returns of knitted goods would be accepted were distributed to retailers for posting in stores. There is evidence that retailers accorded an enthusiastic reception to the placards.(*)

An examination of data on this subject indicates that in the return of merchandise, there are evils damaging both to the retailer and the industry, and that blame for the existence of such evils can be attributed to both.

REBATES AND MANUFACTURERS' PAYMENT OF CUSTOMERS' ACCESSORIES AND ADVERTISING: Attention is called to Rule 4 of Group I of the Federal Trade Commission the fourth, fifth sixth and seventh rules of the sportswear group, and to Section(g), (i) and (j) of the code (as first approved and later amended), which rules and sections relate to this subject.

These rules, with the possible exception of the sixth rule (Re: Rebates to Resident Buyers) of the sportswear group, were designed primarily to prevent the payment or allowance of rebates, refunds, commissions, or unusual discounts to customers whether in the form of money, advertising, special services or privileges, accessories, or otherwise when done secretly, or when the effect would be to allow unfair competitive advantage to any manufacturers of customers.

General arguments from the industry point out, that without the prohibition of these practices, evils easily arise. Customers of the industry would have manufacturers at the mercy of their demands. Manufacturers, not knowing the cost of the service accessory items, of advertising would not be able to calculate their cost properly. Improper calculating of cost would lead generally to quotation of prices not including sufficient profits. The small members of the industry could not stand against customers' demands and would, in many cases, have to retire from the race because of the endurance of the larger and better-equipped members.

Further, it is claimed, there would be given to customers by "chiseling" manufacturers, rebates disguised as advertising and accessories which would more quickly tend to eliminate the unsuspecting competitors.

The sixth rule of the sportswear group is a type which has caused much discussion. The industry submitted to N.R.A. such a rule in its proposed code of fair competition but due to opposition of the

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(*) See "Knitted Outerwear Times" issue of March 21, 1935

(**) See "Knitted Outerwear Times", issue of May 9, 1935. Published by National Knitted Outerwear Association, N.Y.C.

New York Buyers Association, a group of commission residents buyers, and to the finding that infliction of such a rule would completely eliminate certain types of buyers, it never reached approval.

Later, in June of 1934, the same rule was again proposed as a code amendment by the Code Authority.

In support of this proposal the Code Authority pictured an evil (*) where commission resident buyers, employed by retailerd, collect compensation from both retailers and manufacturers. Such a practice, to which the manufacturers have reluctantly submitted, was a development coming from other industries within the past two or three years and growing with the depression, the Code Authority said. It was claimed that the practice was a duplicity of functions; that it caused manufacturers' salesmen to be deprived of their earnings; that the amount of commission to the resident buyer was an item which could not be properly calculated in the manufacturer's cost; and that it caused a discrimination between two types of buyers placing the manufacturer in an ambigous position.

Opposition again came through the New York Buyers Association. Its representative again pointed out at the hearing (**) that adoption of the proposed rule would eliminate the commission resident buyers who had been recognized and employed by the trade. The representative cited the Gavin Bill, passed by the State of New York Legislature in 1928 but vetoed by Franklin D. Roosevelt, then Governor of New York, which, if put into operation, would have had the same effect as the rule. Roosevelt was quoted in saying - "I think it particularly inadvisable to permit a certain class of buyers to be licensed so that they can exclude another class of buyers from carrying on their business."

More than fifty members of the knitted outerwear industry filed, separately with the NRA, statements expressing their satisfaction in dealing with commission resident buyers and asking that they be not eliminated. (***)

Because of this last evidence, the proposal for the rule was not entertained.

CONSIGNMENT SELLING: Rule 6 of Group I of the Federal Trade Commission the first rule of the sportswear group, and Section (b) of Article X of the Code deal with consignment selling.

A statement concerning the consignment selling practice in the industry appearing in the industry's publication is taken to describe the situation. The statement is part of an article written in April 1935 by the Excutive Director of the Code Authority and the National

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(*) See Transcript of Knitted Outerwear Hearing of June 7, 1934, Statements of Sidney S. Korzenik, page 89. NRA files.

(**) See Transcript of Knitted Outerwear Hearing of June 7, 1934 Statement of Leon M. Scharf, page 151.

(***) See NRA Central files.

Knitted Outerwear Association. It reads:

> "Abolition of consignment sales is another immeasurable benefit to the industry wrought by the Code which would evaporate should the National Industrial Recovery Act be allowed to lapse.
>
> "Consignment sales were regarded as a vicious abuse by members of the industry long before the appearance of NRA on the industrial horizon. Despite the fact that this attitude generally prevailed, sales of this nature continued largely because there were a few who did comply with requests of retailers. This condition helped to prevent weaker competitors from abandoning these unsound, unsavory tactics, even though they may have wished to stay clear of them.
>
> "No better way of undermining a market ever existed than through this pernicious type of selling. Retailers refusing to accept any responsibility, welcomed merchandise on this basis and placed it on their counters. When it sold, they gained. When the consumer passed it by, it was turned back promptly on the manufacturer, without loss to the outlet.
>
> "A low figure was placed on the merchandise because it did not hold the confidence of its producer, tending in this way to undermine the price structure, which was weak enough for other reasons. Consignment selling contributed further instability because manufacturers could never be sure that the merchandise was sold until they actually received checks in payment. They lived in a highly artificial atmosphere of hopes which were frequently shattered.
>
> "Another damaging feature was the price set on the merchandise by the retailer. Risking no mark-down because of forced sale later to move the garments, he could afford to write lower price tags. Competing retailers who purchased their lines outright were obliged to meet this figure, making it necessary for buyers to endeavor to secure better figures when they next ordered, thereby depressing the market further."(*)

SELLING BELOW COST: Attention is called to Rules 3 and 5 of Group I and Rules B and C of Group II of the Federal Trade Commission which deal with the subject of prices. (**) Having no access to the records supporting them and because of their apparent vagueness, the writer is unable to make an intelligent discussion of their need, operation and effectiveness.

(*) See "Knitted Outerwear Times" issue of April 4, 1935 Published by National Knitted Outerwear N.Y.C.

(**) See Press Release of F.T.C. in Knitted Outerwear Industry, 1/28/32

The tenth rule (Re! Selling Without Profit) of the sportswear Group is called to attention. (*) Such a rule may appear good on paper but when put into actual operation without a specific provision for determining cost, it would be effective to no degree. Experience with the original "Selling Below Cost" provision of the code discussed in following paragraphs is proof of this statement.

Attention is invited to Section (a) of Article X of the code. This provision was never effective, due to the fact that no principles of costing were ever formulated.

A change in price and cost provision policy of NRA and the need for a price provision to protect contractors brought about the adoption of an amendment on June 2, 1934 supplementing section (a) of Article X. Although submitted to NRA pursuant to this provision and receiving much attention, a cost accounting system was never approved. Difficulties in defining cost and conflicts with NRA policies are believed to be the cause of it not being adopted.

The subject of prices has brought forth much expression of concern by members of the knitted outerwear industry. At a public hearing held in May 1934, by NRA on the code provisions last mentioned above, the Executive Director of the Code Authority stated that destructive price cutting was then prevalent in the industry, and had been general for the past five years, seriously affecting small competing units and labor. It was pointed out at this hearing that price difficulty was then being had in connection with knit berets, infants' wear, men's, boys' and ladies' contract-made wear, and men's standard jersey coats. At the time there was also arising price trouble among jersey fabric (yard goods) manufacturers.(**)

This trouble, it was said by the Executive Director, was not found in the line of embroidered ladies' dresses and styled items but in the line of so-called staple items of standardized merchandise.

An instance of price cutting cited was where bathing suits of six pounds of yarn to the dozen were first placed on the market at $12 or $13 per dozen. Some competitor in the field came out with a $10.50 per dozen suit and then another came out with a five pound suit for $10 per dozen. This situation brought about further reductions in weights and prices until a bathing suit made of yarn, costing 50 cents, could be bought in retail stores for 55 cents, still another was cited on jersey coats.

(*) See "Knitted Outerwear Times" issue of November 24, 1933 . Published by National Knitted Outerwear Association, New York City

(**) See transcript of Knitted Outerwear Industry Hearing of May 12, 1934, Statements of Harold R. Lhowe, pages 29. 48, and 49. NRA files.

These destructive practices could not be stopped by the trade association, said the Executive Director, because of the Anti-Trust Law. (*)

Further statements made by the Executive Director brought out that some cases of price cutting had been due to an effort of manufacturers to keep the product in the price range prevailing before the Code in order to make it available in the same type of limited price range store. This, it was said, had actually been the case among machine beret manufacturers. Cost accounting studies had revealed that certain units were selling below cost.

It was further said that many firms, in order to hold down prices or compete with the low prices set by others, had violated wage and hour provisions of the code in order to be able to produce merchandise and sell it at the low prices. Confused prices engendered to some extent by increase in labor cost coupled with desire to keep prices on pre-code level, was a threat to the legitimate manufacturers and tended to induce code violations, it was said.(**)

Entering into the price discussion are statements of the Wholesale Dry Goods Institute, which claim the necessity of a differential between the minimum prices to retailers and minimum prices to wholesalers. The contentions were that:

> "Where there is downward drift of prices taking place, establishment of minimum price would cause this cost to become the maximum, as all prices would be stopped and held at the same level; in the textile field, where there are manufacturers selling direct to the retail trade who compete indirectly with other manufacturers who sell through the wholesale trade, both such manufacturers would be forced to sell at the same minimum price, automatically giving all business to manufacturers selling to retail, forcing manufacturers selling to wholesale to turn to the retail trade or go out of business; and there should be customer classifications established which allow the necessary differential between minimum prices to retailer and minimum prices to wholesalers."(***)

Further contentions of the Wholesale Dry Goods Institute were; that, without customer classifications, small manufacturers or highly specialized ones, would be denied the right to allow

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(*) See Transcript of Knitted Outerwear Industry Hearing of May 12, 1934, Statements of Harold R. Lhowe, pages 45, 46 and 47, NRA files.

(**) See Transcript of Knitted Outerwear Hearing of May 12, 1934 Statement of Harold Lhowe, pages 31 and 32. NRA files.

(***) See Transcript of Knitted Outerwear Industry Hearing of May 12, 1934, pages 8, 9 and 10.

compensation to wholesalers for performing the service which manufacturers would have to do for themselves at a great cost and bother; that forcing manufacturers to service retailers direct would give monopoly to large retail establishments, eliminating thousands of small and scattered retailers, who would have to purchase through larger retailers; that chain stores should not be classified as wholesalers but as retailers; that quantity buying should be given lower prices than small buying; and that there should be some "anti-dumping" provision. (*)

At the time of its efforts, through NRA, to stop destructive price cutting, the industry was working separately on plans to establish price ranges and maintain them by purely voluntary action on the part of the industry members and buyer groups. Ranges were adopted but little is known of the effectiveness of the plan. (**) It seems obvious, however, that the same factors leading to price cutting in the first place would have the same tendency in preventing the maintenance of price ranges in the absence of some means of enforcement.

From the industry's publication are taken the following statements which seem to express the sentiments of the industry's "better element" with respect to price cutting and to show the futility in attempting to prevent price-cutting on a purely voluntary basis.

> "Greatly to be decried is a dangerous practice rearing its head, unfortunately, with increasing frequency, which is being utilized by sharpshooters in some branches of the industry to gain business. The infants' wear field has been particularly plagued of late, according to reliable factors conversant with the situation in that division.
>
> "The term 'price cutting' in its very worst sense might possibly be applied to this uneconomic procedure, but it would be more accurate to describe it as value-cutting, far more dangerous in its implications. The trick takes the form of reducing the quotations on items from their current level to the next lower range. Resulting, of course, is the immediate elimination of all possibilities of profit. Foolish manufacturers or distributors indulging in this pernicious practice are blind to this apparently minor detail in their mad pursuit of the usual mirage of volume.

(*) See Transcript of Knitted Outerwear Hearing of May 12, 1934, pages 19, 20, 21, 23, 24, 25 and 26, NRA files.

(**) See "Knitted Outerwear Times", issue of March 23, 1934. Published by National Knitted Outerwear Assn., N. Y. C.

"That constant application of this economic fallacy leads unerringly to bankruptcy is obvious. If only the guilty were to suffer disaster, a word of caution would be sufficient. Disregarded, it would perhaps be better for them to be out of the way, leaving the field to legitimate producers who realize that the industry cannot progress unless there is a profit. Unfortunate, however, is the fact that the innocent are in constant danger of being drawn into this swirling whirlpool and sucked down as prices descend.

"Even if existence can somehow be maintained, danger threatens from another angle. It is the most difficult thing in the world to raise prices, despite the simplicity involved in lowering them. The consumer early comes to gain an exaggerated idea of the purchasing power of the dollar. Among consumers educated to expect excessive value, there will be no satisfaction with legitimate worth, rather contempt and skyrocketing charges. This means that when prices are finally moved forward a notch demand will be lessened so that the heroic efforts to raise them will prove futile as they slide back into the bog below in another effort to stimulate demand in the only way that knitters apparently seem to know -- lowering the price." (*)

ORDER CANCELLATION: Evils from order cancellations by customers of the industry are found to be complained of only once, and that was at a public hearing before NRA where the Code Authority presented for discussion and subsequent approval, an amendment to the trade practice provisions of the code. The proposed amendment read:

"No member of the industry shall sell merchandise except upon condition:

"1. That no purchase order for merchandise shall be subject to cancellation before the specified and agreed upon shipping date written on said order.

"2. That no purchase order shall be subject to cancellation after the specified and agreed upon shipping date written on said order unless cancellation is in writing and it permits the manufacturer five additional working days from the date of receipt of such cancellation to complete and ship any and all merchandise in work at that time.

"3. That no purchase order which does not specify a shipping date shall be subject to cancellation unless such cancellation is in writing and permits the manufacturer five

(*) See "Knitted Outerwear Times" issue of May 9 1935 Published by National Knitted Outerwear Asso. New York City.

additional working days from the date of receipt of such cancellation to complete and ship any and all merchandise in work at that time."

This proposal was designed to express the obligations that any customer would have when he obliges the manufacturer to make commitments in fabrication of material or purchase of yarns, claimed the Code Authority. It was pointed out that in some cases manufacturers receive cancellations after entering into the process of manufacture of the ordered merchandise, which would be of no value for sale to any other customer.

No uniform policy existed in the industry and many manufacturers, rather than offend and lose a customer, would accept cancellations causing money losses to themselves, it was said.

For some reason not found recorded, this amendment was not approved by NRA for inclusion in the code.

STYLE PIRACY: The knitted outerwear industry depends greatly for its existence upon its ability to keep attractive styles upon the market. Constant development of new yarns has assisted greatly.

The knitted product is placed before the consumer with the sales talk that it is different from commonly- used woven products, that it is flexible, allowing more freedom of movement to the wearer, and that it is unique in design and attractive. However, it is difficult for the consumer to get away from the traditional woven garment.

An existing outstanding example of the necessity for the industry to be on constant guard against competing products from other fields, is the knitted and rubber bathing suit conflict. Rubber manufacturers are striving to create a controlling fashion for the new rubber bathing suits to replace the knitted suit commonly used for years. Through the creation of more appealing designs in bathing suits, the competition is being combatted and perhaps can be overcome.

Apart from competing with the woven products of other industries, the various kinds of knitted products compete among themselves in styles. There are the original designs in a kind which competes with their copies. The competing copied designs are usually of a cheaper quality offered at a lower price than the original design. Their appearance upon the market immediately curtails the demand for the more expensive original design. After flooding the market and a flurry of sales profitable only to the copying manufacturer, the demand for the design ceases. The results always prove harmful to the originator who incurred the expenses of originating and introducing the design.

Such copying of designs, known in this industry as in many others as "Style Piracy", is a recognized evil. There has never been regulation upon the industry to combat this evil. Although some NRA codes contained provisions designed to eliminate the evil, no such

means were used in the knitted outerwear industry. The use of the patent and copyright laws as means of preventing such practices is found impracticable in this industry as well as in others.

It is reported that style piracy has increased since the lapse of NRA, (*) despite the fact that the NRA code for the industry did not contain provisions restricting it. One member of the industry explained this. When hours were fairly uniform and the minimum wage provided a floor for labor cost, design piracy was not so profitable as it is since NRA lapsed. In appropriating the origination of another during NRA, the manufacturer in the industry had to imitate, usually, some intricate design that would not easily adapt itself to profitable production because of the curtailed hour schedule and higher wage structure of his mill. It was necessary that he confine his production to simple numbers which could be carried swiftly through the production process with less difficulty, lest his production cost be as great as that of the originator. An additional explanation given was that there prevailed during NRA a general discipline and sense of right and wrong.

(*) See "Knitted Outerwear Times", issue of October 10, 1935. Published by National Knitted Outerwear Ass'n., N. Y. C.

CHAPTER IV

ADMINISTRATION OF CODE
by
A. Herbert Barenboim

CODE AUTHORITY

ELECTION OF OFFICERS AND ORGANIZATION. The code of fair competition, approved for this industry on December 18, 1933, provided for the creation of a Code Authority (*) in the following manner:

> "This Code Authority shall consist of eight (8) representatives of the Knitted Outerwear Industry elected by a fair method of selection, to be approved by the Administrator, and not more than three (3) members without vote and without cost to the industry, appointed by the Administrator."

The National Knitted Outerwear Association submitted to the NRA a method of electing representatives. The plan as originally submitted occasioned many objections by members of the industry and the advisory boards of the NRA. The bases of the objections chiefly were that the plan provided that members of the industry should be entitled to one vote for each $50,000 of business done by the member based upon the reports of the six months prior to the adoption of the code. The complaints alleged that a plan such as the above would give complete control to a few very large manufacturers in the industry. After many revisions, the National Knitted Outerwear Association finally submitted a plan which provided that members of the industry should be entitled to cast one vote for each $5,000 of sales made during the first six months of 1933 of merchandise produced by him up to $50,000; and

> One vote for every $10,000 of such sales in excess of $50,000 and not exceeding $250,000; and
> One vote for every $25,000 of such sales in excess of $250,000 and not exceeding $500,000; plus
> One vote for every $50,000 of such sales in excess of $500,000.

The plan further provided that the Code Authority should consist of one representative to be elected at large, and seven manufacturer members or members of co-partnerships or officers of corporations which are members of the industry, by the various areas to be specified. That for each manufacturer member of the Code Authority an alternate should be elected, that the alternates for the manufacturer members shall be elected in the same manner as the manufacturer members; that there be six areas, five of which shall select one member and one alternate and one to select two members and two alternates - those areas were:

1. The States of Wisconsin, Michigan, Illinois and Minnesota

(*) Code - Article IX, Section (b), Codes of Fair Competition, as approved. Government Printing Office, Volume IV, page 199.

2. Pennsylvania, Maryland and the Southern States as defined in the Code.

3. Ohio.

4. Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and the State of New York, not including New York City.

5. Two (2) members to be chosen from the areas known as New York City and the State of New Jersey.

6. All states west of the Mississippi.

The above plan was approved (*) and the association immediately proceeded to carry out the purposes established. The regional officers of the National Knitted Outerwear Association submitted to the New York office nominations for Code Authority members and alternates. Letters were also sent to members of the industry notifying them that they would have an opportunity to submit their recommendations for the persons to be nominated for code authority office. After the time for submitting nominations had expired, the association printed ballots for each of the areas containing the names of the persons nominated from that area, including a space for members of the industry to insert the name of any other person that they might desire. The ballot requested the member of the industry to state the amount of merchandise produced by him during the first six months of 1933 and the type of merchandise produced. There were 163 ballots cast in the New York and New Jersey area; 29 in the Pennsylvania area; 36 in the area west of the Mississippi; 22 in the Wisconsin, Michigan, Illinois and Minnesota area; 11 in the Ohio district, and 34 in the remaining states, or a total of 275 ballots cast out of the entire membership of approximately 1200 in the industry.

A tally of the votes cast showed that the following persons were elected to the Code Authority:

Member-at-Large - Harold R. Loewe

Metropolitan District of New York:

Member	Alternate Member
August Egerer	Isaac Cohen
Ben Friedlander	Jack Finkelstein

Pennsylvania District:

Member	Alternate Member
William Portner	Ingram Bergmen

(*) See Administrative Order 164-3 NRA files

Pacific Coast:

Member	Alternate Member
Irwin S. Adams	James F. Briggs

Western District:

Member	Alternate Member
John J. Phoenix	David Korger

Cleveland District:

Member	Alternate Member
Adolph J Farber	Herbert Goulder

New England & Upper New York:

Member	Alternate Member
A. Paul Cohen	Arthur H. Lowenthal

The Code Authority selected a certified public accountant to check the ballots and ascertain the accuracy of the rough estimates made as to the result of the balloting. The statement by the accountant indicates that all the persons who were acting as Code Authority members had received a majority of the votes with the following exceptions. In the New York metropolitan area Jack Finkelstein, who was designated as an alternate, received 31 more votes than Ben Friedlander who was and continued to act as Code Authority member. In the Cleveland district, Herbert Goulder received an equal vote to that of Adolph J. Farber who was and continued to act as Code Authority member, and in the area west of the Mississippi, James F. Briggs, who was named alternate, received two more votes than Irwin S. Adams, who was and continued to act as Code Authority member.

Protests were registered against the method of selection of the persons elected and the tally of the votes cast. It was claimed by one member of the Industry that the selection of the Executive Director of the National Knitted Outerwear Association as a member of the Code Authority was not in accordance with code requirements in that this individual was not a member of the industry.

RE-ELECTION OF OFFICERS. Early in July of 1934 the Code Authority issued notice to members of the industry that nominations for members of the Outerwear Code Authority should be received at the offices of the Code Authority on or before July 31, 1934. The notice appeared in an issue of the Knitted Outerwear Times, an association publication.

It would appear from the notice that certain of the rules and regulations for the election of Code Authority members were changed by the provisions of the by-laws adopted by the Code Authority, especially in

reference to the number of persons necessary to endorse an independent nominee to the Code Authority. In the official notice to members of the industry to submit nominations, no mention is made of the fact that members of the industry shall have the right to nominate a member at large, despite the fact that such member at large was to act as a member of the Code Authority. This was brought about by a Code Authority by-law which gave to the Code Authority the right to nominate such member at large, and setting forth that he was not to be a member of the industry and that he was to act as Executive Director. Thus it would appear from the notice that members of the industry had no direct choice on the nomination of the member at large. They did, of course, have a direct choice in his final selection.

Early in August, ballots were sent by the Code Authority to all known members of the industry, the ballots setting forth that a member must return the ballot completely filled out on or before August 22, 1934, in order to be counted.

A tabulation of the ballots cast as made by Joseph L. Jonick and Company, certified public accountants, shows the following result:

August Egerer and Ben Friedlander were elected as members from the Metropolitan District of New York. Ben Schanzer and Jack Finkelstein were elected as alternates. Again, it is interesting to note that 134 members of the industry cast ballots in favor of Ben Friedlander representing 2,027.03 votes, and 178 members cast ballots for Ben Schanzer representing 1,976.04 votes. Thus, it appears that in the New York Metropolitan area, the choice of 44 more members was overbalanced by the slightly larger productivity of some of the members who voted for Mr. Friedlander.

Harold R. Lhowe was re-elected as member at large. At this re-election there were 373 members of the industry who cast ballots for the nominees to the office of member at large; 756 members who cast ballots for the Industry representatives to the Code Authority.

In the Pennsylvania District, the nominees as selected by the Association, William Portner and Ingram Bergman, were selected as member and alternate in that order.

In the Western District, John J. Phoenix and David Karger were elected as member and alternate in that order.

In the Cleveland District, Adolph J. Farber and Herbert Goulder were elceted as member and alternate in that order. The Pacific Coast District elected Irwin S. Adams as member and James F. Briggs as alternate.

The number of ballots cast for member at large was only slightly greater than at the previous election, while the number of ballots cast for area members increased by 60%. Much of the increased voting for area members was represented by the heavy vote cast in the New York area in an attempt to elect independent representatives of their own choosing.

The only changes in the personnel of the Code Authority resulting from the re-election were the replacement of Iser P. Cohen as alternate by Ben Schanzer, and Arthur H. Lowenthal as alternate by Bertram D. Green.

PROTESTS AGAINST METHODS OF RE-ELECTION

Many wires were sent to the Administration dated June 30, 1934, by members of the industry, substantially as follows:

> "We urge your early approval plans submitted by Knitted Outerwear Code Authority for election of new Code Authority members."

The fact that the wires were all sent on June 30th indicates that they were probably instigated by individuals within the Code Authority.

A letter received by the Administration, June 27, 1934, reads as follows:

> "The undersigned representing 65 mill owners of the Knit Goods business in the Greater New York area strongly resent and oppose the proposed method of election of the members of the Code Authority for the term to commence July 1, 1934. We believe that an election based upon the volume of sales is inequitable, unrepresentative, undemocratic and not in accordance with the sentiment or views of the majority of the Industry. We further believe that such election does not conform with the intent or wording of the Knitted Outerwear Code which provides for a fair and equitable manner of selection, and signed by Joseph G. Grobick, President of the Interboro Knit Goods Manufacturers' Association."

Another letter dated June 25, 1934, addressed to Assistant Deputy Administrator, Mark Harned, and signed by Julius Schwartz, states that his law firm, on behalf of the Interboro Knit Goods Manufacturers' Association, Inc., was opposed to the method of the selection of the Code Authority. It was his contention that meetings of members of the industry should be held in the several areas in order to afford members of the industry an opportunity to meet and nominate candidates of their own choosing, stating "any other selection seems to be rather hand-picked and may not truly represent the feelings of the Industry."

CODE AUTHORITY FUNCTIONS

LEGISLATIVE: The Code Authority held its first meeting on January 8,1934.

The first action of the Code Authority was to elect August Egerer as Chairman; Harold R. Lowe as Executive Director; Ben Friedlander as Treasurer; S. S. Korzenik (not a member of the Code Authority) as Secretary, and upon the motion of Harold R. Lowe, H. H. Cohen of Philadelphia, and Philip Frankel of Cleveland as Associate Counsel. The members present adopted Rules and Regulations for the use of the NRA Code

label. The regulations adopted were as follows:

1. That members of the Industry who were in compliance with Code provisions should on application be entitled to the use of a label.

2. That labels should bear identifying letters and only a sufficient number for a month's use should be issued to the member.

3. That every application for labels should be accompanied by a certificate of compliance.

4. That the member shall pay for labels ordered at the time of making application.

5. That the labels should be securely attached to the garments.

6. That labels will be non-transferable.

7. That the applicant agree to permit investigation and inspection of his plant and his records and that all information obtained by such examination will be confidential except when necessary to enforce compliance with the Code and regulations.

8. That the Code Authority may withdraw the right to use the labels from a member violating the code and that the member be forced to return unused labels on demand.

9. That these regulations shall apply to all garments made on and after January 1, 1934.

10. That the regulations established by the Code Authority may be modified or amended and exceptions granted by the Code Authority at any time.

The Code Authority then established prices at which labels would be sold:

LABEL A - which would be printed on cotton, to be issued at a price equal to the cost, plus 50¢ per thousand and to be used on garments selling at prices not exceeding $6.00 per dozen.

LABEL B - a woven cotton label with silk or rayon lettering to be issued at cost, plus $1.00 per thousand and to be used on garments selling at prices not exceeding $24.00 per dozen, except in the case of suits and dresses in which case they could be used on garments not exceeding $42.00 a dozen.

LABEL C - a woven satin label to be issued at cost plus $2.00 per thousand, to be used on garments selling at not to exceed $81.00 per dozen.

LABEL D - a taffeta label to be issued at cost plus $5.00 per thousand, to be used on garments selling at a price in excess of $81.00 per dozen.

The Code Authority also provided for the use of tags and stickers to be used for members of the industry, jobbers and retailers for stock on hand.

The Code Authority in acting on its first request for an exemption from Article X, Section (h) of the code, which prohibited shipments other than F.O.B. city of origin, decided as follows - That a manufacturer who makes goods in Los Angeles may not pay freight to New York, retaining his ownership of the merchandise until it arrives in New York and make delivery to his customer in the Metropolitan area without charging customer for transportation. They also decided that customers of members of the industry may not return goods even though they be imperfect. The latter ruling was made in accordance with provisions of the Code - Article X, Section (f), in terms, which provides as follows:

> "No member of the Industry shall accept the return of garments that have been worn or merchandise not worn but which has been accepted by a customer except in the circumstances to be defined by the Code Authority."

The Code Authority next discussed whether or not a customer could return worn goods which were imperfect as a result of manufacture deficiencies. They decided that no returns of any sort could be permitted under the code until such time as they established definite rules for return.

The second meeting of the Code Authority, which was held on January 22, 1934, was attended by all members of the Code Authority except members from the West Coast and Pennsylvania districts. The members voted to incorporate the Code Authority under the rules of the State of New York, the purpose being to protect the individual members from personal liability. The Code Authority also resolved at this meeting to establish regional code authority offices in each of the districts; that the meeting of code boards consist of not more than seven and not less than four manufacturer members; that each Regional Code Board with the approval of the Code Authority establish an office and select a regional director, inspector-accountant and other necessary office staff. That the regional code board subject to rules and regulations as may be provided by the Code Authority and subject to its supervision, to have the responsibility of securing compliance with the provisions of the code and to make periodic investigations and examinations of the plants and mills of the members of the industry in the area.

A budget committee submitted to the Code Authority a monthly budget for the period from January 1 to June 30, 1934.

A general discussion was raised as to whether or not a member of the industry should be granted an exemption from Article X, Section (h). One of the members in objection to the request made the following statement: "I don't think it proper for us in general to grant that right unless you wish to grant it as a policy." No general decision was made on the application. Apparently because of the fear of establishing a general policy without regard to the reasonableness of the request submitted.

A request by the Morris knitting Mills for additional time to operate their Rachelle department was denied without dicussion. The request of the Globe Knitting Mills of Boston to permit cleaning operations after the regular 40 hours was denied. The Secretary of the Code Authority then reported that he had been informed that the Jantzen Knitting Mills had been selling on terms of 3/10 e.o.m. to the retailer but permitted higher discounts by adding such additional amounts to the price. The Code Authority voted this practice may be continued, provided no discounts in excess of 8/10 e.o.m. be permitted.

Mr. Mark Harned, administration representative to the Code Authority, tendered his resignation to the several committees to which he had been appointed.

The meeting of February 13 and 14, 1934 was held at the Hotel Commodore, New York.

A protest was read from the Cleveland manufacturers requesting a reduction in the price of labels. The Code Authority than provided that a small label be provided for the use in headwear selling up to $3.00 as that the charge therefor be fixed at 85¢ per thousand and to be known as the "AA" label; that the present A label be used for garments selling from $3.00 to $9.00 and that the charge therefor be $1.50 per thousand.

The Knitted Seamless Headwear Group requested that labels be gummed, to be applied with a heated iron, and that they were willing to pay $2.00 per thousand for such labels, irrespective of selling price of the garment. The Code Authority stated that the average selling price was $6.00 per dozen for the knitted hats and approved the request by creating a label "H" for such use. The Code Authority voted that members of the Industry should pay a sum of 1/5 of 1% of their current sales of products of any and all kind (except products for which they have purchased and applied thereon Knitted Outerwear Code Authority labels,) as their reasonable share of the expense of code administration.

A request was received from the NRA and read to the Code Authority asking that the Code Authority send its recommendations regarding the application of the Shawmut Woolen Mills for permission to employ 20% of the apprentices. The Code Authority recommended that the request be denied on the basis that exceptions such as the one requested would be harmful to theindustry and result in a flood of similar exceptions.

A request by the Pacific Coast Knitted Outerwear Association that its members be exempt from the provisions of Article IV, Section (c)

(Providing a 75% of the minimum wage be paid to learners and that 5% of learners be permitted) was denied. The denial was based upon fear that to grant the exception would establish a harmful precedent.

The application of Greenhim & Daniels for permission to work part of their employees overtime, was denied, without discussion. However, members of the Code Authority authorized the Code Authority officials to send a lengthy letter informing the petitioner of the denial.

On the second day of the Code Authority meeting, it was decided to change the decision made the previous day, granting exemption to certain firms from article X, Section (h). It was decided that these firms must first submit proof that they sell to retailers on terms and conditions that the retailer maintain one fixed selling price throughout the country. Again the decision to deny this request for exemption was based upon the fear that a general policy would be established rather than that the petition was or was not sustained by the facts submitted.

Meeting of March 5 and 6, 1934.

The Code Authority at this meeting voted that members of the Industry may establish the maximum hours for such employees as were exempt from the general provision, and to pay to their employees overtime for hours worked beyond the maximum established.

A general discussion was held on the merits and demerits of a prohibition of style piracy. A lengthy discussion (*) was had on the question of establishing fixed prices for the sale of products of this industry in order to maintain established trade regulations.

The Code Authority held a meeting on April 10 and 11, 1934.

The Code Authority discussed formulating a system of cost finding to be used by members of the Industry. A list of price ranges (**) at which the products of the Industry were to be sold was discussed by the members. The general consensus was that establishing of price ranges was necessary since the selling price of goods in the industry had decreased despite a steady increase in wages paid. It was explained at the meeting that approximately 60 per cent of the members of the industry by voluntary agreement were selling their products at definitely fixed price ranges and that it was necessary to formulate plans requiring the remaining 40 per cent of the members of the industry to confine their selling to the same price ranges. The members finally voted to table all discussion on price stabilization to be reopened in the next meeting. The meeting, however, did vote to submit to the Administration a request for an amendment of the code(***) prohibiting the selling of products below cost.

(*) See Minutes of Meeting--page 106, NRA files.

(**) See Minutes of meeting, pages 146-175, NRA files.

(***) See Minutes of meeting, page 170, NRA files.

Rules and regulations for the maintaining of contract system of production were adopted at the meeting. The members also approved regulations for registering home workers in the hand knit division of the industry and particularly those working in infants' and children's wear.

The members discussed the advisability of setting up a labor complaints committee in accordance with NRA regulations. The consensus was against any such movement on the claim that this being a non-unionized industry, it was not proper to have labor representatives on the complaints committee and accordingly it was voted not to establish such a committee unless the Administration would grant an exemption to this industry permitting them to organize a labor complaints committee consisting entirely of industry members.

The Code Authority at this meeting adopted a set of by-laws to govern the actions of the Code Authority. Rules and regulations were also adopted for the conduct of the regional compliance offices and boards. On May 15 and 16, 1934, the Code Authority held another meeting. The Code Authority recommended an amendment to the code requiring the labeling of substandard merchandise as such. The following amendment was also recommended to be added to the code:

1. No member of the Industry shall sell or offer to sell knitted outerwear fabrics upon terms greater than a maximum discount of one per cent for payment 10 days after shipment or net terms for payment 60 days after shipment. Anticipation and interest after due date shall be at the rate of six per cent per annum.

2. No member of the Industry shall accept the return of knitted fabrics except for defects in material and/or manufacture and in such cases only when return in made within 10 days after receipt of goods and before the same are cut.

3. All knitted outerwear fabrics shall be sold f.o.b. shipping point or f.o.b. New York City.

4. No member of theIndustry shall sell merchandise except upon condition:

   (a) That no purchase order for merchandise shall be subject to cancellation before the specified and agreed upon shipping date written on said order;

   (b) That no purchase shall be subject to cancellation after the specified and agreed upon shipping date written on said order unless cancellation is in writing and it permits the manufacturer five additional working days from the date of receipt of such cancellation to complete and ship any and all merchandise in work at that time.

   (c) That no purchase order which does not specify a shipping date shall be subject to cancellation if

in writing and permits the manufacturer five additional working days from the date of receipt of such cancellation to complete and ship any and all merchandise in work at that time.

Upon the request of several members of the industry for a review of compliance cases in which decisions had been rendered against them by the Regional Compliance Board of N.R.A., the Director of the Code Authority was instructed to obtain the reaction of the N.R.A. on the practice of local compliance agency penalizing code violators by taking away from them the privilege of working overtime. The members of the Code Authority were of the opinion that denying any employer the benefit of the double shift operation would throw night shift employees out of employment and defeat the purposes of the National Recovery Act.

Much time was spent at this meeting in an attempt to work out rules and regulations to stabilize the hand knit home work and contract divisions of the industry.

On June 20, 1934, the Code Authrotiy held another meeting. A report was made at this meeting that out of the 1,087 mills listed in the Industry, 861 were using the code label and 150 distributors and jobber were using tags. The remaining 206 mills which had not ordered labels were manufacturers of fabrics and accessories not subject to label provisions of the code and would merely have to pay an assessment on the dollar volume.

The Code Authority rules that in computing earnings of an employee with reference to the minimum wage provided for in the code each week's earnings should be considered independently and without reference to any previous or future earnings.

The representative to the Code Authority from the Philadelphia market objected to this ruling claiming that employees might hold back part of their piece rate earnings in one week and be plussed and earn more than the minimum the following week.

A wire received from the members of the industry on the Pacific Coast stated that: 85% of the mills of the Pacific Coast Association desired the adoption of an amendment to Article X, Section (h) which would permit mills on the Pacific Coast to equalize and/or prepay freight charges on shipments east of the Rockies. The Code Authority voted to deny the request.

On July 10, 1934 the Code Authority held another meeting. Plans were discussed at this meeting for the new election of Code Authority members to be held during the following month. A petition by members of the Infants' wear division of the industry asking for a special representative on the Code Authority was denied. A committee was appointed to specify those occupations in the knitted outerwear industry which may be deemed hazardous or detrimental to the health of minors.

On September 20 and 21, 1934 the Code Authority held another meeting. At this meeting the newly elected members of the Code Authority re-elected August Egerer as Chairman, reappointed Harold R. Lhowe, Executive Director, and Sidney S. Korsenik, Secretary. A report was made to the Code Authority by the committee on hazardous occupations stating that there were no hazardous occupations in that industry and that no classification of such should be made.

The members voted to send a protest to the Federal Emergency Relief Administration because of its project in Massachusetts of making knitted sweaters and distributing them to people on relief. It was also voted to send a letter to the Administration stating that the knitted outerwear industry was not in favor of a 30-hour week and that the industry could not survive under such curtailment because of the high seasonal nature of its products.

On October 23, 1934, another Code Authority meeting was held. The members on the Pacific Coast having refused to accept the decision of the Code Authority denying them the right to prepary freight to the East were sent the following wire at the direction of the Code Authority members:

> "RE LETTER OCTOBER SECOND CODE APPLIES UNTIL YOU HAVE EXCEPTION APPROVED BY NRA. ASSOCIATION ACTION CONTRARY UNLAWFUL. SURPRISED YOU TAKE SUCH HIGH-HANDED AND DISRUPTIVE PROCEDURE. EXPECT YOU WILL COUNTERMAND YOUR MILL NOTIFICATION IMMEDIATELY. MILLS ENTITLED TO EXCEPTIONS WILL RECEIVE THEM AND IF DECISION OF CODE AUTHORITY DISAPPOINTING SPECIAL BOARD ORGANIZED BY NRA IN WASHINGTON TO CONSIDER APPEALS. MUST INSIST THAT PROCEDURE BE ORDERLY AND UNDER THE CODE AND NRA."

A concern asking permission to allow one of the foremen who does productive work to work overtime was denied on the grounds that it would establish a harmful precedent.

A report was made to the Code Authority that the Hollywood Knitting Mills of Los Angeles which had been denied permission by the Code Authority to operate non-productive machinery on a double shift had been granted permission to do so by the National Recovery Administration. The Code Authority immediately voted to protest the action of the Administration in over-riding the decision of the Code Authority. The Secretary of the Code Authority then read the petition by the Pacific Knitting Mills of Los Angeles requesting permission to use overtime, although the plant was using the double shift system of operation.

In connection with the above request the Code Authority sent the following wire to the Administration:

> "THIS CONCERN IS LOCATED IN THE SAME CITY AS THE HOLLYWOOD KNITTING MILLS WHICH FIRM RECEIVED AN EXCEPTION TO THE CODE FROM YOUR OFFICE, CONTRARY TO THE RECOMMENDATION OF OUR CODE AUTHORITY.

"IN VIEW OF YOUR ACTION IT WOULD BE UNFAIR COMPETITION TO REFUSE THE REQUEST OF THE PACIFIC KNITTING MILLS FOR THE RELIEF THEY ASK.

"WE SUBMIT THIS ENTIRE MATTER TO YOU FOR YOUR FURTHER ACTION IN ACCORDANCE WITH THE POLICY YOU ARE ESTABLISHING OF EXEMPTIONS FROM THE HOUR PROVISIONS OF THE CODE, OVERRULING OUR PREVIOUSLY FIXED POLICY."

On December 6, 1934, another Code Authority meeting was held. A discussion was held on the advisability of establishing employment agencies for the industry in the several areas. The matter was tabled. It was voted to authorize the Executive Director to petition the Administration to extend the contract rules and regulations previously approved for the infants' wear division to all branches of the industry.

It was voted to petition the Administration to extend the exemptions granted to the infants' and children's knitted outerwear manufacturers from the homework provisions after January 1, 1935, provided manufacturers availing themselves of the extension would permit the Code Authority full and complete access to books and records in order to fully study conditions in that branch of the Industry.

A request by the Clayton Knitting Company of Clayton, Thousand Island, New York, for permission to employ an additional number of learners was granted on the basis that the above concern was a community project, being run solely for the benefit of some 50 or 75 people and not in general competition with the other members of the industry.

On complaint of the labor union that one of the members of the industry in San Francisco was violating the code a special investigation was made and the member was found to be in violation.

The Executive Director then read a letter which he had sent to Mr. Lewis, Regional Director of the Pacific Coast District, asking him to make a determined effort to inspect all mills in his district and check carefully any violations of the code so as to avoid any basis for charges of laxity and negligence in Code enforcement. A general discussion was held on the advisability of establishing a Labor Compliance Committee in conformity with NRA policies. The consensus was that in the knitted outerwear industry it would best serve the interests of all concerned if the Trade Practice Complaints Committee were also authorized to hear all labor complaints, and the Director was instructed to confer with the Administration in order to accomplish this purpose.

It was decided that the Code Authority hold an open hearing in conjunction with the coming convention of the National Knitted Outerwear Association, to afford the industry at large an opportunity to make suggestions, recommendations or criticisms. It was felt that such a course tends to promote better understanding, cooperation and good will between the industry and the Code Authority.

On January 29, 1935, the Code Authority held a meeting in San Francisco, Calif. It was voted to prohibit jobbers who do not own knitting machinery to use the words "knitting mill" on their product or stationery. It was voted to oppose a reduction of hours in this industry to 35 per week.

An open hearing was held at this meeting on the question of exemptions and exceptions to be granted to the Pacific Coast market. The following facts were submitted: - that there are 73 mills on the Pacific Coast and only 15 of these mills sell their products east of the Rocky Mountains; doing a business of approximately $4,000,000. One of the 15 mills does a business of one and a half millions, leaving a balance of two and a half millions, which is done by the remaining 14 mills. Of the remaining 14 mills, three firms doing a volume of one and a half millions have previously been granted exemptions by the Administration or the Code Authority, which exemptions are substantially the same as the type of exemptions requested by the remaining 11 members.

The lack of experienced employees; increased shipping costs; lack of a ready source of raw materials - all were presented at this meeting in support of the claim for exemption from the wage and hour provisions. The decision of the Code Authority was to submit the petition for exemption to a special committee for the purpose of making a thorough investigation and submitting the evidence discovered at the next Code Authority meeting.

The Executive Director reported that at the time of the meeting, there were 1,041 members of the industry who had applied for labels, and 141 jobbers or stores who were using tags, despite the fact, according to the census figures, there were only 750 mills in this industry.

It was reported that the regulations approved for the contract system in the infants' wear industry were to be extended for a further period of three months. The Code Authority authorized the director to continue his efforts to have the same regulations approved for the adults' wear division.

A report on the home work division was also made. It was pointed out that cheap hand labor was a menace to factory production. Regulations would have to be established to curb these factors. The Director further was instructed that unless some regulations could at once be established, that efforts would have to be made to enforce the code provisions and abolish all types of home work in the industry.

On April 3, 1935, the Code Authority held another meeting. There was a great discussion at this meeting relative to the contract shop regulations. Charges were made by members of the committee representing the infants' wear group that adults' wear manufacturers who were not subject to the regulations were cutting prices. It was further claimed that it was impossible to make a comprehensive survey of this branch of the industry since so many of the adult manufacturers were not submitting reports and information on their volume of infants' wear production.

It was further stated at this meeting that the increased cost of wages as established by the code had in no way resulted in an increase in the selling price, resulting in any loss to the consumer. It was further indicated that average weekly earnings for an average 36 or 37 hour week in the regulated section of the industry was approximately $18.00 per week and that the average weekly earnings in the contracting shops was about $11.00.

The Code Authority was informed that two types of competition were extremely bothersome to the hand-made divisions of the Industry. There were first, the small stores that buy yarn and have knit wear made by home workers for their customers and secondly, Japanese hand knitted outerwear which is made at prices far below those possible in this country.

The following general rulings were adopted by the Code Authority:

1. That the Code Authority approve the granting to those knitted outwear mills who use the double shift for productive machinery, the same overtime priviledges, (32 hours in every six months) for their finishing department operating under the code on a single shift, as that now enjoyed by members of the industry operating on a single shift, upon payment of time and a third for such overtime; and

2. That the Code Authority approve the granting to those knitted outwear mills who use the single shift, 48 hours of overtime every six months instead of the 32 hours now provided by the Code, provided that such additional overtime is used in the production of knitted outerwear for bona fide orders only, and that in the event that any member of the industry operates in excess of the hours to which he is lawfully entitled, he should be required to pay his employees double time for such excess hours; and

3. That the Executive Director of the Code Authority submit this proposed policy to the Deputy Administrator of our Code and request the approval of the same; and

4. That the officers of the Code Authority be authorized to approve any requests that may be made by members of the industry for overtime within the limitation of the policy so set; and

5. That if experience should demonstrate the wisdon of this policy an amendment to the Code be submitted in accordance therewith at the next general revision of the Code.

1. That the Code Authority approve granting of any members of the industry the privilege of employing one learner for every ten workers employed by him, under learners' minimum wages provided for in the Code, and upon the following conditions:

a. That such member report monthly the number of his employees and the wages paid to them.

b. The number of learners employed, and the wages paid to them.

c. Proof that unsuccessful efforts have been made to obtain skilled workers.

d. That the employment of learners was due to the scarcity of skilled workers and not with the purpose and/or effort of lowering average labor costs.

2. That the Code Authority approve granting to any member of the industry the privilege of employing a greater number of learners than one in ten under learners' minimum wages provided for in the Code if extraordinary circumstances showed the necessity therefor, and proof that such employment is not with the intent and/or effect of lowering average labor costs.

3. That this policy be continued for three months and a report be made to the Code Authority to enable it to determine the further policy with repsect to learners.

4. That the Executive director of the Code Authority submit this proposed policy to the Deputy Administrator of our Code and request the approval of the same; and

5. That the officers of the Code Authority be authorized to approve any requests that may be made by members of the industry for overtime within the limitations of the policy so set; and

6. That if experience should demonstrate the wisdom of this policy, an amendment to the Code be submitted in accordance therewith at the next general revision of the code.

The request of the Olympia Knitting Mills of Olympia, Washington for permission to employ additional learners was granted. It was further decided by the Code Authority that the violation committed by the Olympia Knitting Mills by employing excess learners prior to obtaining permission be excused and that recommendation to that effect be forwarded to the NRA.

A request from the Duofold, Incorporated, of Mohawk, New York, for an exemption from the freight provisions of the Code to permit it to ship from its warehouse, it maintains in New York City, was granted.

COMPLIANCE WITH LABOR AND TRADE PRACTICE PROVISIONS. An analysis (*) of all complaints under this Code for the period from July 1, 1934, to May 14, 1935, shows the following types of violations:

54 complaints of violations of Article III - Hours Worked in Excess of the Maximum

9 violations of Article III (d) - Working Split Shifts

16 violations of Article III (f) - Failure to Pay Over-Time

41 violations of Article IV - Wages below the minimum

2 violations of Article IV - Failure to pay Previously earned Wages

7 violations of Article IV (c) - Employing an excess Number of Learners

2 violations of Article IV (d) - Reducing Wages

2 violations of Article IV (e) - Paying of Piece Work Rates Insufficient to Maintain the Minimum

1 violation of Article IV (i) - Improperly Classifying Employees

1 violation of Article V - Employing Minors

6 violation of Article VI (a) - Employing Home Workers on Prohibited Types of Work

4 violations of Article VI - Using Incorrect Time sheets

5 general labor violations.

In all, there were 150 cases of violation referred to the Administration for this period. Ten cases were filed with the Administration alleging trade practice violations involving failure to file statistics, refusing to pay contract prices, accepting return of merchandise, failure to use the NRA code labels, and using improper labels.

In the period from January 1, 1935, to May 27, 1935, seven labor and two trade practice complaints were filed with the Administration. During the same period the Administration adjusted one trade practice and seven labor cases and two cases were referred to the Litigation Division for prosecution. Blue Eagles were removed in two cases and seven cases unsettled remained at the end of the period. Throughout

(*) See Compliance Analysis Sheet No. 479, NRA Files 9823

the entire period of the operation of this Code there were 270 labor and 18 trade practice cases submitted to the Administration, 137 labor and 9 trade practice cases were investigated by the Administration and in these cases it was found that 87 labor cases and 5 trade practice cases were not in violation. In all, 24 labor cases remained unsettled in the hands of the Administration on May 27, 1935.

The Code Authority in a report submitted to the Compliance Division indicated that during the operation of the code the Code Authority adjusted 122 cases of violations affecting 1159 employees and collected $7,409.04 in the form of restitution.

The August 17, 1934 issue of the "Knitted Outerwear Times" contained an article which stated that: 182 members of the industry had been found violating Code provisions; 88.4% of the violations involved the labor provisions of the Code.

At the meeting of April 11, 1934 the following report was submitted:

> "The staff of inspectors in the Metropolitan District have made 619 inspections; 536 regular and 83 reinspected. In 294 of the 536 we found no violations at all. In 236 we found violations. There were 16 not in business or not under our Code when the inspection was made. We had hearings on 42 cases. There were minor offenses awaiting adjustment, totaling 56 and 128 that we considered major. By that we mean a labor violation or non-payment of overtime or something of that sort.
>
> "With respect to the hearings, all cases were dismissed and the respondents were found guilty in 31. In two cases they did not appear. We made adjustments on all other cases, except one, the adjustment consisting of restitution and agreement to comply with the Code in every respect from that time on, and the payment of the expense of the investigation in various degrees, depending on the nature of the case.
>
> "We have established every Thursday as a hearing day at which time we have various members of the local compliance committee as committeemen. Last week we had 14 cases on and this week we are expecting to have as many, trying to catch up on those awaiting hearings.
>
> "In regard to the two who did not appear, one received notice late and will appear the following week, the other is a jobber."

Reports of the minutes were submitted by the respective directors and were as follows:

"Mr. H. U. Cohen reported for the Pennsylvania District that:

"The mills in and around Philadelphia are being inspected, but so far, mills south of the Mason Dixon Line have not yet been visited. 27 complaints were filed. Hearings were held on 20, and adjustments are pending.

"The Director requested that records of all inspections made, all hearings held, and inspectors' daily reports be sent to the main office from all districts.

"The Director then read the report of A. Paul Cohen for the New England District. Mr. Cohen requested that the Part of the New England District which was located in New York be supervised and inspected from the New York Headquarters. After discussion, upon motion duly made, seconded and carried, this change was authorized.

"The Director then requested that each district send in a statement of how they are expending their allotments.

"Mr. Phoenix reported for the Western District. All of the mills in that section have been inspected once, about 60 in all. Those mills that showed minor violations have had two inspections, and two mills that have grossly violated the Code have been inspected three times. The latter are the Lincoln Knitting Mills of Warsaw and the Copher Sportswear of Minniapolis.

"The Lincoln Knitting Mills have appealed to the President, together with their workers and the citizens of the community. They claim they are bankrupt and will be forced to shut down if they are assessed or fined. At a hearing to be held soon it is proposed to take testimony and render a decision, and forward the entire proceedings to the Wisconsin Industrial Commission. The Lincoln Knitting Mills sell a general line of sweaters and some sportswear at a very low price and without labels. Mr. Power stated that such a case should be referred to the State Director of the National Emergency Council rather than the State Board."

The following is a report for the Metropolitan District of New York:

Inspections as of April 30, 1934

Total inspections - 85.

(Active concerns inspected - 607
Reinspections - 130
Inspections resulting in
elimination from our list - 113)

The total inspections for all districts are as follows:

	Active Concerns
Metropolitan New York	607
Pennsylvania	64
Western	49
New England	41
Ohio and Michigan	25
Pacific Coast	18
Total	805

A complete analysis of the investigations made in the Metropolitan area as found in the minutes of the meeting held on May 15 and 16, discloses the following information.

Number of cases heard 136
Minor 45
Major 91

Number of cases adjusted..... 67
Major 41
Minor 26

Cases in which costs imposed..... 31
Major 31
Minor 0

Cases in which no costs imposed..... 70
Major..... 25
Minor..... 45

Cases dismissed..... 39
Major 20
Minor..... 19

Number of cases pending adjustment..... 24
Major 24
Minor 0

Number of cases forwarded to Washington..... 1

Number of cases forwarded to State Director 1

9823

Number of cases forwarded to Federal Trade Commission 1

Number of cases pending further action 3

An examination of the minutes of the meeting of April 10 and 11, 1934, contains a report by Mr. Frankel on certain hearings conducted by him on cases of non-compliance by members of the industry. In reply to a question by one member of the Code Authority as to whether Mr. Frankel sat in at the meetings, the answer was as follows:

> "I did. We gave each man a talk and then read the charge and then I gave each man another talk and that it was not a happy position for any one of them to sit here. We are manufacturers like them. Before this board sat in judgment, they checked up on themselves so that they were not violating the code themselves, as they did not want to pass on violations if they were violating themselves. Then we told them we will be back to see you every month. This is not a first and last inspection."

The minutes of the meetings indicate that this Code Authority was not in favor of labor representation on any labor complaints committee.

FINANCING. The organization of the Code Authority for this industry was carried out by slow stages of trial and need. At the first meeting of the code Authority the necessary executive officials were selected by the Code Authority members and to those officials the Code Authority granted the discretionary power of hiring the necessary clerical force to carry out the administrative functions of the Code. At the second meeting of the Code Authority plans were formulated for the establishing of regional or district Code Authority offices for the purpose of enforcing compliance and assisting members of the industry in best understanding the administrative problems of the Code.

Evidence of the slow process of organization by this Code Authority can be found in a statement submitted by them to the Administration, dated April 30, 1935 (*) which shows the expenses of administering as follows:

(*) See copy of letter, Administrative File, Volume II, Knitted Outerwear Budget and Basis of Contribution. N.R.A. Files.

January	3,859.98
February	6,915.13
March	10,[illegible]25.28
April	11,[illegible]33.16
May	12,219.19
June	12,662.45
July	14,765.99
August	11,621.46
September	14,659.62

That the estimated expenses for administering the code for the month of January was $11,300.

A statement submitted by the Code Authority, to be found in Volume II, Budget and Basis of Assessment, contains the following information:

"In January of 1934, the Code Authority being without statistics upon which to compute the assessments per label, fixed a schedule based upon its best judgment."

The schedule is as follows:

LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
A	Printed Camoric	All product not exceeding $6.00 per doz.	$.47½	$.62½	$1.10
B	Woven Broadcloth	From $6.00 per doz. not exceeding $24.00 per doz. (Knitted dresses and suits to $42.00 per doz.)	1.99	1.01	3.00
C	Woven Grosgrain	From $24.00 per doz. not exceeding $6.75 each (Suits and dresses from $42.00 per doz. to $6.75 each)	3.83	1.67	5.50
D	Woven Taffeta	All garments in excess of $6.75	4.2[illegible]	4.[illegible]	9.00

Early in February of 1934 it was found necessary to increase the number of types of labels used and the following labels and the prices charged for them were added.

LABLE	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
AA	Small Printed Cotton	All garments up to $3.00 per doz,	$ .23½	$ .61½	$ .85
A	Printed Cambric	From $3.00 not exceeding $9.00 per doz.	.47½	1.02½	1.50

LABLE	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
B	Woven Broad-cloth	From $9.00 per dozen not exceed-ing $24.00 per doz. (knitted suits and dresses to $42.00 per doz.)	1.99	1.01	3.00

In March of 1934 at a Code Authority meeting it was decided to use additional types of labels which labels would embody certain descriptive words desired by the members of the industry. These special labels were lettered as follows and sold to the members of the industry on the following terms:

"LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
H	Printed Cotton with gutta	Seamless head-wear all grades and prices	$ .88	$ 1.12	$ 2.00
BS	Woven Broad-cloth "Fine Sports-wear" white background	From 9.00 per doz. not exceed-ing $24.00 per doz. (knitted suits and dresses to $42.00 per doz.)			
		Special Order Only	$3.48	$ 1.52	$ 5.00
BS	Woven broadcloth "fine sports-wear" tan background	Special Order Only	3.84	1.66	5.50
BW	Woven Broadcloth "100% all wool"		2.79	1.21	4.00
BZ	Woven Broadcloth "all Zephyr"		2.70	1.21	4.00

During the month of June an additional group of labels was added to be used by members of the industry making knitted neckwear bearing the following serial number and being sold at the following prices:

"LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
NA	Printed avon	Knitted neckwear not exceeding $3.00 per doz.	$ .31	$ .69	$1.00
NB	Printed avon	Knitted neckwear not exceeding	.31	1.69	2.00
NC	Printed avon	Knitted neckwear not exceeding $17.00 per doz.	.31	5.69	6.00
NC	Printed avon	Knitted neckwear in excess of $17.00 per doz.	.31	8.69	9.00

The Code Authority also adopted a printed stapled card to be used by the members of the industry manufacturing knitted accessories. These cards were made at a cost of 87 cents to the Code Authority and were sold to members of the industry for $2.50 per thousand, leaving a gross assessment of $1.63.

In August of 1934 the Code Authority had learned from expirence the approximate number of labels being used in each of the several divisions of the industry and the extent to which the different labels, were being used, and revised the prices to be charged for all labels so that the new schedule of label chargeswas as follows:

LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
AA	Printed avon	All garments up to $3.00 per doz.	$ .23½	$ .56½	$ .30
A	Printed cambric	From $3.00 net exceeding $9.00 per doz.	.47½	1.02½	1.50
B	Regular printed Broadcloth	From $9.00 per doz. not exceeding $27.00 per doz.	.52	2.23	2.75
BS	"Fine Sprots-wear" white background		3.48	2.02	5.50
BS	"Fine Sports-wear" tan background		3.48	2.16	6.00

LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
BW	Woven "100% All Wool"		2.79	1.71	4.50
BZ	Woven "All Zephyr"		2.79	1.71	4.50
C	Printed Grosgrain (New)	Not exceeding $6.75 each	1.47½	3.02½	6.50
D	Woven Taffeta	In excess of $6.75 each	4.20	8.30	12.50
H	Printed Cotton with gutta percha back	Seamless headwear all grades and prices	.88	1.12	2.00
WA	Printed card with staple	One to be applied to each doz. cuffs, wristlets, and anklets regardless of selling price.	.87	1.63	2.50

Special labels were provided by the Code Authority for the infants' and children's wear branch of the industry. The prices for labels sold to this branch were as follows:

LABEL	TYPE	USE	COST	ASSESSMENT	ISSUE CHARGE
CA	Printed cambric	On infants' wear up to $6.50 per doz.	$ .23½	$1.01½	$1.25
ICB	Printed broadcloth	From $6.50 a doz. not exceeding $16.50 per doz.	.45	1.55	2.20
ICC	Printed Grosgrain	From $16.50 not exceeding $30.00 per doz.	1.45	2.05	3.50
ICD	Woven Satin	In Excess of $30.00 per doz.	4.20	4.80	9.00

The total issuance of labels to the Code Authority from January 15, 1934 to September 30, 1934 was as follows:

AA	12,137,200
A	21,894,616
B	24,633,913
C	3,593,015
D	1,024,750
H	559,400
BS	262,276
BW	1,242,000
BZ	145,000
Special	353,216
Tags & Pin Tickets	10,809,417
NA	576,000
NB	221,500
NC	73,000
ND	2,000
WA	1,194,500
ICA	327,200
ICB	352,500
ICC	33,550
ICD	2,000

This made the total distribution for the period 78,439,053. It is interesting to note that the total income from the sale of labels for the month of February was $23,002.56 and that the cost of these labels was $13,991.31 or 60.83 per cent; that during the month of September, 1934, the gross revenue from the sale of labels was $20,807.94 and the cost of the labels was $5,958.39 or 28.63 per cent; that the income during the month of October was $24,780.02 and the cost of the labels was 26.64 per cent of that sum; that during the month of November the income from labels was $20,002.75 and that the cost of the labels was 26.3 per cent of that amount. The gradual reduction in the percentage of cost of labels as against the charge made for such labels, coupled with some slight changes in charges for labels in August of 1934, led to the following results. During the first nine months of 1934 gross receipts from the sale of labels were $175,700,38. The cost of the labels sold was $80,961,77, representing 46.08 per cent of the total net receipts. The gradual reduction of label cost toward gross income was due to two factors:

(1) The price paid to printers for labels was lower as a result of volume purchases.

(2) The use of less expensive fabrics.

On November 8, 1934 the Administration released a Notice of Opportunity to be Heard (*) to all members of the industry on the

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(*) See Administrative Order No. 164-27 N.R.A. files.

budget and basis of contribution as submitted by the Code Authority of this industry. The proposed budget was for the period from October 1, 1934 to June 1, 1935. The total amount of the budget for this period was in the sum of $137,047.23, the basis of contribution being the sale of the labels at the following rates:

40¢ per thousand for garments sold at prices not exceeding $3.00 per dozen.

$1.02 per thousand for garments sold at prices not exceeding $9.00 per dozen.

$2.23 per thousand for garments sold at prices not exceeding $27.00 per dozen.

$5.02 per thousand for garments sold at prices not exceeding $6.75 each.

$10.50 per thousand for garments sold at prices in excess of $6.75 each.

Direct assessment of .15 per cent on non-labeled merchandise.

On January 18, 1935 a Notice of Opportunity to be Heard (*) was released to all members of the industry on a supplemental budget for the Home Work Bureau. The total amount of the budget for the period from February 1, 1935 to April 30, 1935 was in the sum of $16,875.00. The funds were to be derived from the members of the industry on the basis of fifteen cents per month per worker employed by manufacturers and/or home work contractors.

On March 14, 1935, Administrative Order No. 164-42 was signed, approving the budget for the industry for the period from October 1, 1934 to June 1, 1935. The approved budget was $176,166.83, representing the original request of $137,047.23 plus $39,199.62 representing the cost of the labels to be sold. The basis of contribution as approved was as follows

"Type Label	Sales Price Class	Label Cost Per M	Assessment Per M	Label Charge Per M
AA	Up to $3.00 per Doz.	$ .40	$ .40	$ .80
A	Up to $9.00 per Doz.	.48	1.02	1.50
B	Up to $27.00 per Doz.	.52	2.23	2.75
C	Up to $6.75 each	1.48	5.02	6.50
D	Over $6.75 each	4.20	10.50	14.70

Contribution by manufacturers of non-labelable merchandise (knitted fabrics and accessories) shall be on the basis of 5/100 of 1% of net sales in lieu of the above scale of label charges."

(*) See Administrative Order No. 164-32 N.R.A. files.

Simultaneously with the approval of the above budget, Administrative Order No. 164-43 was signed, approving the supplemental budget for hand-knit division of the industry. The budget as approved was in the sum of $16,875.00 and the basis of contribution was at the rate of 15 cents per month per worker employed by manufacturers in the hand-knit division and/or by home work contractors employed by such manufacturers.

On April 24, 1935 the Code Authority submitted to the Administration a proposed budget for the period from June 1, 1935 up to and including May 1, 1936. The total amount of the budget as submitted was in the sum of $203,040.00, approximately $1600.00 less than the previously submitted budget. It is interesting to note, however, that in the submission of the first budget it was estimated that there were 1100 establishments in the industry who were to share in the expenses of the administration of the Code. Page 7 of the submitted budget contains a statemnet that there are 1233 establishments in the industry who were to share in the expenses of administration. In the new budget as submitted it was estimated that $166,826.67 would be used for compliance purposes, this one item showing a marked increase over the previous budget.

At the time of the Supreme Court decision in the Schechter case an Administrative Order was in process of approval extending Administrative Order No. 164-42 for the period from June 1, 1935 to and including June 16,1935. The extending order purported to permit the Code Authority to incure liabilities in amount equal to $7,763.50 which amount represented the approximate expenditures for a fifteen day period.

The Code Authority in the eight and one-half months from January 15, 1934 to September 30, 1934 spent $12,267.92 for enforcement in the metropolitan area. The budgetary estimate for this period was $15,925.00.

The actual cost of maintaining the several district offices for the eight and one-half months period was $23,069.10 and the budget estimate for the same period was $34,000.00. The actual expenditures for this period in both the metropolitan and district offices totalled $92,803.18 and the estimate for the period was $145,612.68.

Expenditures for the period October 1, 1934 to April 30, 1935 (*) were as follows:

Income from label sales	$150,794.34
Less Cost of Labels	39,807.00
Net Income	110,987.34

(*) See Exhibit B, Volume Extending Order No. 164-42, N.R.A. files.

The total expenditures for the period for both metropolitan and regional offices was $105,998.23, leaving a surplus of $4,989.11. The income from the Home Work Divisions was $3,878.24. The expense of maintaining this division was $6,369.03, leaving a deficit of $2,298.33 for this period.

The Code Authority in submitting the various budgets estimated that the industry did an annual dollar volume of approximately $125,000,000.00. On the basis of the figures submitted by the code Authority, the cost to the industry of maintaining and administering the code for this Industry was approximately 2/10 of one per cent.

Two items stand out in an examination of the expense of administering this code. In particular those items are the cost of labels sold and the cost of maintaining the regional offices. The cost of the regional offices, which exceeds $40,000.00 represents 20 per cent of the gross proceeds. Labels also bear too high a percentage to the net returns, the amount being 34 per cent of the gross receipts. Thus, this Code Authority, in order to effectuate a means of obtaining necessary funds to administer the code spent in excess of one-third of every dollar for the labels sold.

NRA ACTIONS ON CODE MATTERS

The Code as approved for this industry on December 18, 1933 was the 164th Code. At the time of the submission of this code, there was a distinct split between those members of the outerwear industry manufacturing adult wear products and those manufacturing infant's wear products. The Administration, in order to bring harmony into the industry, and in order to avoid any further delays in granting a code to this Industry, approved the code subject to a condition (*) that the provisions of this code should be stayed until the termination by the Administrator after such hearing as he may deem necessary as to whether or not manufacturers of knitted outerwear for infants and children should or should not be included in this Code. Many informal conferences and a formal hearing were held in order to solve this problem. On March 16, 1934, and Order (**) was signed terminating the stay contained in the Executive Order, and ruling that manufacturers of knitted outerwear for infants and children should be subject to the provisions of this code.

On December 27, 1933, and Order (***) was signed appointing Mark L. Harned to serve as Administration representative to the Code Authority.

(*) See Executive Order of Approved Code, Codes of Fair Competition, As approved Government Printing Office Volume IV page 199

(**) See Administrative Order 164-5 Codes of Fair Competition as Approved Government Printing Office Volume VIII page 869

(***) See Administrative Order 164-2 NRA files

Mr. Harned was appointed to the code in order to afford the Administration an opportunity to be apprised of all actions taken by the Code Authority, and to assist the Code Authority in best performing its administrative function.

On March 2, 1934, because of a policy ruling that no member of the administrative staff should be a representative to the Code Authority, Administrative Order 164-4X was signed accepting the resignation of Mr. Mark L. Harned. Immediately thereafter Administrative Order 164-6 was signed appointing John W. Power to succeed Mr. Harned as Administrative representative. During the first three months of the operation of this code, the Administration approved recommendations of the Code Authority establishing a machinery to investigate and regulate all home work problems and adjust difficulties between the adult and infant's and children's wear groups. Shortly after the code for this industry had become effective, 41 members of the industry located in the Philadelphia area had petitioned for exemption from the hour provisions of the code, and after a full investigation of the facts in the case, the application was denied (*) on June 5, 1934.

The Code Authority for this industry, in accordance with a request of the Administration, submitted a set of By-Laws to govern the actions of the Code Authority. These By-laws were to be approved by the Administration and only to take effect when and as approved.

On June 11, 1934, a conditional letter (**)of approval was sent to the Code Authority, and contained the following exceptions to the By-laws adopted:

(1) Deletion from the Code Authority By-laws of any restrictions of the use of the Code label, because the By-law provision predicated the use of the label pending an agreement to comply with the Code.

(2) That the By-laws contained a provision providing for means of the election of the Code Authority in a manner other than that which had previously been approved by the Administration. This correction also cautioned the Code Authority to insert in the By-laws, a method of election in accordance with the approved plan. It also informed the Code Authority that the terms of office of Code Authority members, must be for a specific period rather than at the whim of the Code Authority members.

(*) See Administrative Order 164-11. N.R.A. files.

(**) See Administrative Order 164-12. N.R.A. files.

(3) Instruct the Code Authority that the By-laws should provide for a committee to establish standards of safety and health in the Industry.

(4) Requested deletion of Section 13 of the By-laws which created Regional Compliance Board. Since no Administrative approval of the organization of compliance agencies had been given, an organization of that type would have to be submitted to the N.R.A. for approval in a separate document.

(5) Requested the deletion of Section 15, and requested the submission of a budget in a separate document for the examination of the Administration and its approval.

(6) Requested the delation of Section 16, Subsection A., which empowered the Code Authority to require reports other than those authorized under the Code.

In accordance with the instructions contained in the conditional letter of approval of by-laws, the Code Authority amended and resubmitted the by-laws for further approval and on September 12, 1934, a letter (*) of unconditional approval was sent to the Code Authority.

The Code Authority for the knitted outerwear industry early in its existence began the practice of acting upon requests for exemptions from code provisions. Later the National Recovery Administration decided that the power to grant exemptions was not one that the Code Authority should be allowed to use and issued Administrative Orders prohibiting the Code Authority from passing on exemptions, stating that the Code Authority should forward all exemptions to Washington with their recommendations for action. The Knitted Outerwear Code Authority continued its practice of acting upon exemptions. The Code Authority in doing this disregarded Administrative Orders which had been issued in December, 1933, and February, 1934, specifically reserving the power of approving or denying exemption applications to the N.R.A. On October 25, 1934, the Administration, over the objection of the Code Authority, granted an application (**) of the Hollywood Knitting Mills, Inc. for exemption from the provisions of Article III, Section D of the code.

(*) See Administrative Order 164-22. N.R.A. files.
(**) See Administrative Order 164-25. N.R.A. files.

The Code Authority was very much incensed at the Administration as a result of the approval of the above mentioned order, claimed that the Administration in disregarding the wishes of the Code Authority were injuring the Code Authority's standing in the industry and was establishing a precedent that would be harmful. The Administration immediately informed the Code Authority it was the duty of the Administration to review all requests for relief, and that the Code Authority had no power to grant or deny application of relief, and that in accordance with Administrative Order X-27, the only power that the Code Authority had was to receive the applications in the first instance and to submit it immediately with the Code Authority recommendations to the Administration. N.R.A. policy regarding exemptions was a basis of a conference held in the office of Prentiss L. Coonley, Division Administrator, at which were representatives of the advisory boards and Mr. Lhowe on behalf of the Code Authority. The facts of all cases were discussed at great length. Mr. Lhowe criticised the Administration for its action in approving applications for relief after such applications had been denied by the Code Authority, and again Mr. Lhowe was informed of the requirements of Administrative Order X-27, and instructed that thereafter his Code Authority must examine all applications and forward the application to the Administration accompanied by the Code Authority recommendation for or against approval.

The Code Authority apparently was well aware of the Administration ruling that the Code Authority's power in matters of applications for exemption was confined to that of recommending to NRA what action should be taken. This fact is evident from an examination of the files on the Lample Sport Wear Company, Dunitz & Lubatkin Company, Administrative Order 164-49, Langor Knitting Mills Company, and many others in which the Code Authority either accepting or rejecting the application for relief forwarded the application to the Administration with its recommendation. When these cases are examined, it is found that the Code Authority adhered to Administrative policy, however it acted contrary to policy in other cases acted upon at the same time or shortly thereafter.

The Administration acting upon exemption applications by members of this Industry, granted 22 applications, denied 45 and had 4 pending on May 27. Of the 45 applications denied, 42 represented one application by 42 manufacturers in the Philadelphia market requesting overtime. The applications granted were 4 for additional learners; 11 for overtime, 4 for the right to additional shifts; 1 the right to change e.o.m. dating, and 2 the right to change the working hours. Those denied in addition to the one application by 42 manufacturers for additional overtime, were 2 for ddditional learners, and 1 for an additional shift. The cases pending on May 27--1 was for additional learners; 1 for additional overtime; 1 for a change in the discount rate; and 1 for the right to sell on consignment.

It may be argued that legally Code Authorities had the power to issue interpretations of the provisions of their Codes. This practice of interpreting code provisions was adopted by many Code Authorities early in their existence. As codal administration developed the Ma-

tional Recovery Administration decided to reserve this power to itself and frowned upon the interpretations of codal provisions by Code Authorities. In connection with the issuance of interpretations the Knitted Outerwear Code Authority, using the Knitted Outerwear Times, as association paper for its medium, published interpretations established by the Code Authority with the statement that they were effective against all members of the industry. This practice by the Code Authority occasioned a memo which was sent by Mr. Dillingham objecting to a publication in the Knitted Outerwear Times of September 21,1934, expressing the intention of the Code Authority to institute public action against both manufacturer and buyer for violation of quantity discounts.

In the March 16, 1934, issue of the Knitted Outerwear Times, there appeared an item headed "Provisions of Terms of Sale" interpreted. This item purports to interpret all of the "Terms of Sale" provisions as decided upon by the Code Authority. Again on April 20, 1934, an item appeared in the Knitted Outerwear Times headed "Changes in Return Provisions" explained. This article also tends to interpret the "Returns" provision of the Code. Again on April 27, 1934, an article headed "Code Explanations Contrary to Policy" appeared covering the general provisions of the Code, and tending to interpret what can not be done under code provisions. This practice of publishing interpretations under the name of "Explanations and Answers" was continued by the Code Authority for the greater portion of the code period subject, however, at all times to the criticism of the Administration.

The Administration endeavored to correct this apparent wrong, and whenever possible examined the interpretations made by the Code Authority, and either affirmed or rejected the interpretation.

There was much criticism of the Code Authority based upon the acts of the Code Authority appointing regional complaince agencies composed entirely of members of the industry. A letter contained in the NRA files dated February 19, 1935, from Arthur I. Moolau states:

> "That Regional Directors of the Knitted Outerwear Code Authority demand an audit of books and records of Knitting Mills, and if they find a violation, fine the manufacturer for such violation and in addition force the manufacturer to pay from $100.00 to $200.00 for the cost of the investigation."

The letter asks this question -

> "What I am trying to find out is whether or not a Regional Board has power to step in as a court and judge--the other members of the Code were our competitors in Los Angeles--some of the larger manufacturers--have the right to impose large fines on these smaller individuals. I, like all the smaller manufacturers, am very much in favor of the N.R.A. and upheld it to the fullest extent. I do not believe that the Knitted Outerwear Code Authority should have the authority to step in and run our business, and which is practically what they are doing."

The writer in conversation with representatives of the individual groups of the outerwear industry was informed that the members of the industry manufacturing infants' and childrens products had not been satisfied with the functioning of the Code Authority, and that if a revival of the NRA is ever accomplished, or some new form of industry regulation is adopted, that they will strongly resist any further regulation by the same body of men who acted as the Code Authority for this industry. The group was dissatisfied because they believed there was no community of interest between themselves and the manufacturers of adult wear products. The underlying, but seldom disclosed, difference was the fact that homework is an important factor in the making of infants' and children's knit products and only infrequently used in adult wear production. Any action by the Code Authority, which was composed of adult wear manufactuers, pertaining to homework regulations was looked upon with apprehension and fear. There likewise was fear that through Code regulations the adult wear manufacturers could enter into the infants' wear field in competition with the existing infants' wear manufacturers.

In spite of all these shortcomings it is the opinion of the NRA officials handling the Code that it was one of the most active and efficient of Code Authorities. (*)

(*) J. C. Worthy, Asst. Deputy Administrator. M. D. Vincent, Division Administrator.

CHAPTER V

MAJOR PROBLEMS
CONTRACTING AND HOMEWORK

CONTRACT SYSTEM OF PRODUCTION.

THE SYSTEM: The contract system of production is a system whereby members of the industry manufacture garments using raw materials not their own but furnished by others for whom the manufacturing service is rendered. The manufacturers of goods in such a manner are known as "Contractors". The ones for whom the manufacturing services are performed are known as "contract-employers".

Contractors usually have limited financial resources and oftentimes are not able to purchase their own raw material. Materials are usually sent to the contractor by the jobber. Title to the goods usually remains with the jobber. In many cases these contractors have less than fifteen employees and even employ members of their families without placing them on the payroll.

The contract-employers are usually jobbers who have no manufacturing plant of their own but are engaged in selling merchandise to wholesalers, retailers, or are industry manufacturers who find it profitable to have contractors manufacture some of their products.

THE PROBLEM: The evils which clearly made this a major industry problem are found in the relationship between the contractor and the contractor-employer. A vast difference in financial rating makes the contractor susceptible to pressure from the contractor-employer in the bargaining for prices for contract services. Contractors oftentimes accept prices for work below their actual cost of production, in the hope of chiseling on labor or of making other savings. There naturally follows the lowering of labor's wages, increased working hours, deterioration of machinery and plants, and an income to the contractor which does not even permit a decent living for hinself.

It can be understood how, once a low price is established for the contract work, no higher price can easily be demanded. The result has been a disastrous downward spiral of prices for contracting services since the prosperous year of 1929. This was partially checked among the infants' wear group of the contractors by special regulations of the National Recovery Administration, adopted after the code for the industry went into effect.

NRA CONTROL: In 1933, when submitting its proposed code of fair competition, the industry presented the problem to the National Recovery Administration. Realizing the necessity for a detailed study of the situation, and being limited in time for completion of code formulation, the knitted outerwear industry and the NRA approved the knitted outerwear code containing the following provision:

"ARTICLE VII - CONTRACTING

"All members of the Knitted Outerwear Industry who use contractors or sub-manufacturers for knitting or fabricating garments, or any part thereof, shall pay such rates to the contractor or sub-manufacturer as will enable the contractor or sub-manufacturer to pay his employees at least the wages provided for in this Code, together with a reasonable allowance for the contractor's overhead. The Code Authority shall formulate regulation, with the approval of the Administrator, to carry into effect the purpose and intent of this provision."

Experience proved that this provision alone, without further regulations, could do nothing to relieve the situation as it was binding only upon the contractors and only of the contract-employers who were also manufacturers of the industry. The jobbers were left free of obligations under the code. Further, in the absence of minimum rates of pay for contract services, it was impossible to determine violations of the provisions.

Contractors not having the prices for their services increased by the code were unable to raise, in many cases, wages and thus were forced, in those cases, to be in violation of the code.

Amendment number one of the knitted outerwear code was approved on June 2, 1934, at the request of the Code Authority, as a means of declaring minimum rates to be paid contractors. This amendment provided that during an emergency due to destructive price cutting, the Code Authority could set minimum prices for contract services.

As a result of pressure from the infants' wear group contractors, and pursuant to the above emergency provision, the knitted Outerwear Code Authority made a determination of the "lowest reasonable cost" of work and services rendered by Contractors of Infants' and Children's Wear and recommended such determination to the National Recovery Administration for approval.

The "lowest reasonable cost", instead of being approved, as provided in the provisions of amendment number one, was incorporated in a set of "Regulations for Contract System of Production of Knitted Outerwear for Infants' and Children's Knitted Outerwear Industry" as minimum rates to be paid contractors. These regulations were approved by the National Recovery Administration and became effective September 18,1934. (*)

The Administrative Order approving the regulations made them effective for a period of sixty days, and specified a condition that the

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(*) See Administrative Order No. 164-19 and appended documents NRA files.

Code Authority submit to the NRA Division of Research and Planning bi-weekly reports showing the results of the operation of the regulations in the industry. Further Administrative Orders, issued pursuant to the industry's request, extended the regulations until the time of the cessation of NRA activities, in May, 1935.

Later an additional classification of articles and contract rates were forwarded by the Code Authority to the Administration. These additions were never approved by formal order of the Administration but were merely received and examined. However, they were effective after the date reported.

The Code Authority, immediately after the approval of the regulations, set up an Infants' and Children's Wear Contract Bureau. This bureau distributed forms for weekly reports of transactions between the contractors and contract-employers, of wages paid, of hours worked, of number of employees, etc. The bureau kept persons who were subject to the regulations informed of their requirements.

The findings of the bureau and the effect of the regulations were reported bi-weekly to the NRA. The reports of the bureau are in the NRA Division of Research and Planning files.

It is unfortunate that no data, comparable to that gathered by the bureau, was collected prior to the operation of the regulation. The figures of the bureau, when compared to the figures for the entire industry given by the census and Bureau of Labor Statistics, show that this group was as active and as well off as the average in the industry.

When the regulations were first approved the contractors affected acclaimed them as their savior from extinction.

The bureau, sometime during November 1934, sent questionnaires to one hundred and thirty-seven firms --contractors, contract-employers and direct manufacturers --asking for an expression of their opinion regarding the regulations. Sixty-four firms returned replies which the bureau, in its report number five to NRA, summarized as follows:

"REPLIES TO QUESTIONNAIRE

"1. QUESTION: Do you believe a continuation of the contract regulations governing infants' wear production is advisable?

REPLIES: Fifty-five answered in the affirmative. Nine answered in the negative.

"2. QUESTION: In your opinion, should the minimum rates as they are now established for infants' wear contract production be continued?

REPLIES: Fifty-three answered in the affirmative.

Twelve answered in the negative.

"3. QUESTION: Or should some other method be adopted?

REPLIES: Thirteen answered in the affirmative. Forty-nine answered in the negative.

"4. QUESTION: If the answer to No. 3 is 'Yes' please state what method you would suggest.

REPLIES: Twelve answered received to question No. 4. Consensus of opinion to this Question No. 4 is as follows:

'There should be an increase of at least 10% in the minimum rate as established.

Weight of garment should be consideration in the adjustment of these prices as now established.

Rates should be established on rounds contained in a garment as against rates now established.

"5. QUESTION: Do you think that these regulations have helped or hurt business, and why?

REPLIES: Fifty-eight answered that they helped their business. Six answered that they hurt their business.

Consensus of opinion to this Question No. 5 is as follows:

"Affirmative:- The regulations have helped, insofar as the contractor is now able to meet his obligations to labor.

They have helped because they have permitted wages to be increased and stabilized to a greater extent than ever before.

They have helped because they are preventing so-called cut throat competition.

They have helped because the contractor-employer now has his orders scrutinized by the Code Authority. This prevents him from making hard-driven bargain rates.

They have helped because the minimum rates have put order into a branch of the industry that has, in the past, been terribly disorganized.

It has helped because if it were not for these regulations many of the Contractors' plants would have been sold under the hammer.

"Negative:- They have hurt our business because production costs have increased.

They have hurt our business because they throw out of range, numbers in the lower end goods.

"NOTE:- This questionnaire was sent to 137 firms - contractors, contract-employers and direct manufacturers, Sixty-four concerns returned replies."

Compliance with these regulations was reported by the Contract Bureau to be exceptionally good. There were, of course, violations but they were never considered to be of the open flagrant type. Mostly they were due to ignorance. Jobbers who were contract-employers accepted the regulations and caused little difficulty.

Several protests that the rates were too high or too low were made by contractors and jobbers during the period of the regulation's operation. In each case the bureau had its cost engineers make studies to determine the actual rates. The bureau reported that the cost engineers failed to confirm the claims of the protestants.

Taken from the bi-weekly reports of the bureau and given below are the percentage of garments paid for at over the minimum rates, and the value of excess over the minimum rates:

TWO WEEK PERIOD ENDING	PERCENTAGE OF GARMENTS OVER MINIMUM RATE	VALUE OF EXCESS OVER MINIMUM
Sept. 29, 1934	5.95%	0.92%
Nov. 10, 1934	17.88	2.93
Nov. 24, 1934	17.10	5.30
Dec. 8, 1934	31.91	7.42
Dec. 22, 1934	58.00	18.00
Jan. 5, 1935	51.39	17.26
Jan. 19, 1935	26.49	6.61
Feb. 2, 1935	46.12	13.24
Feb. 16, 1935	60.71	16.38
Mar. 16, 1935	47.16	11.21
Mar. 30, 1935	42.97	11.42
April 13, 1935	27.82	6.22
April 27, 1935	25.90	5.50
May 11, 1935	29.71	5.49

Source: NRA files. Contract Bureau, Code Authority.

Responsible, to a great extent, for the low percentages given above as average for all classifications is the fact that about a third of the garments were manufactured at the fixed minimum rates.

Pressure from contractors of other than the infants' and children's apparel, brought about, in the beginning of 1935, a proposal by the Code Authority that the regulations be extended to cover all contract production in the industry. The proposal was a set of regulations for all contract production substantially the same as the ones governing the infants' and children's contract production. The minimum rates for contract services other than infants' and children's garments were not included in the regulations but an immediate study for their determination was provided for. These regulations were approved with conditions on May 11, 1935 by NRA. Before they were effective, however, the May 27 cessation of activities occurred.

Several months before the expiration of NRA, the contractors in the knitted outerwear industry expressed themselves freely and emphatically in favor of a continued NRA regulation. They claimed the end of NRA would mean the returning to the old "chaotic state" as the contractors many times called it. The proposal to extend the regulations to cover contract production in all fields is clearly indicative of the industry's recognition of the benefits of the system. After May 27, 1935, various groups of contractors representing practically all in the industry made great endeavors to preserve the standards created by the operation of the regulations for the infants' and Children's wear group. Standard cost accounting systems and cost formulae were proposed, as well as regulation with standards similar to the ones of the NRA regulations. Effectiveness of such plans, where they would of necessity be voluntary and mutual agreements without some means of enforcement, is doubted. Furthermore, there would be no longer a means of bringing the always common recalcitrants into line; nor would it be easy to stay clear of the law in fixing prices.

EXTENT OF THE SYSTEM: The following table shows the extent of the contract system in the knitted outerwear industry:

TABLE XXVIII - KNITTED OUTERWEAR INDUSTRY
NUMBER OF CONTRACTORS AND CONTRACT-EMPLOYERS
BY INDUSTRY GROUPS

	NUMBER OF CONTRACTORS	NUMBER OF CONTRACT-EMPLOYERS
Infants' & Children's Wear Field	103	113
Ladies' & Misses' Wear Field	79	54
Men's & Boys' Wear Field	33	31
TOTAL	215	198

Source: Knitted Outerwear Code Authority, NRA files.

According to the reports of the Contract Bureau, an average of 1164 workers were employed during the eight months of the Bureau's existence. The Code Authority, when applying to the NRA for extension of the regulations, furnished figures showing 1754 workers employed in the adult field. Total workers employed by the industry's contractors would then be 2918.

Report Number 18 contains a summary of unit production figures from the date of two weeks before the effective date of the regulations (September 19, 1934) through the week ending May 11, 1935.

This summary is as follows:

TABLE XXIX, KNITTED OUTERWEAR INDUSTRY
SUMMARY OF WEEKLY PRODUCTION OF INFANTS' AND CHILDREN'S
KNIT WEAR CONTRACTORS
(From September 8, 1934 to May 11, 1935)

	INFANTS' AND CHILDREN'S WEAR:			SUPPLEMENTAL PRODUCTION		
	Orders Rec'd. Dozens	Orders Shipped Dozens	Oders Unfilled: Dozens	Orders Rec'd. Dozens	Orders Shipped: Dozens	Orders Unfilled Dozens
September 8:	10890:	7780	------	4434:	3630:	-----
September 15:	10245:	8050	41750	4323:	4340:	12643
September 22:	10118:	10476	------	8258:	3366:	-----
September 29:	10360:	10993	40759	5977:	4680:	18832
October 6:	8597:	10752	-----	5787:	5261:	-----
October 13:	9703:	9347	38960	5748:	6041:	19065
October 20:	9951:	10611	-----	6111:	6133:	-----
October 27:	8193:	11425	35068	4384:	6362:	17065
November 3:	7839:	10095	-----	4390:	6171:	-----
November 10:	6884:	10219	31950	3516:	6149:	12641
November 17:	5605:	11072	-----	3479:	7817:	-----
November 24:	12539:	10321	28259	3887:	4847:	7343
December 1:	13681:	6838	-----	2565:	3466:	-----
December 8:	3808:	7995	31384	5564:	4658:	7414
December 15:	6921:	5421	-----	4892:	4719:	-----
December 22:	5607:	4693	33796	5375:	5051:	7911
December 29:	4361:	3379	-----	6597:	2942:	-----
January 5:	12842:	4983	42639	3997:	2863:	12700
January 12:	12966:	6588	-----	8824:	5849:	-----
January 19:	7721:	8131	48607	7051:	5807:	16889
January 26:	9288:	9253	-----	9799:	7105:	-----
February 2:	11202:	11593	54568	10369:	7964:	24061
February 9:	10879:	11107	-----	6374:	9603:	-----
February 16:	11611:	11598	54353	8373:	8644:	22775
February 23:	18247:	9854	-----	3980:	9612:	-----
March 2:	11944:	13540	61150	6148:	9160:	14131
March 9:	12245:	14683	-----	5238:	8279:	-----
March 16:	8918:	16472	51158	4062:	6202:	6950
March 23:	12579:	18246	-----	5892:	4770:	-----
March 30:	8294:	16952	36833	6975:	4630:	10417
April 6:	15217:	16264	-----	3779:	4929:	-----
April 13:	30010:	14163	51633	9569:	3972:	14864
April 20:	8744:	15508	-----	2647:	3326:	-----
April 27:	32938:	14598	63209	3151:	3899:	13437
May 4:	22071:	13893	-----	2173:	4683:	-----
May 11:	24943:	18222	78108	2060:	5474:	7513
TOTAL	427,961:	395,715		195,962:	202,434:	
Weekly Average	11,888:	10,992		5,443:	5,623:	

Source: Contract Bureau of Knitted Outerwear Code Authority, NRA files.

Chart IV pictures the rise and decline throughout the entire period for both the Infants' and Children's Wear production and the supplemental production.

Report Number 18 contains also a summary of the employment figures from two weeks before the effective date of the regulations through the week ending May 11, 1935. This summary is as follows:

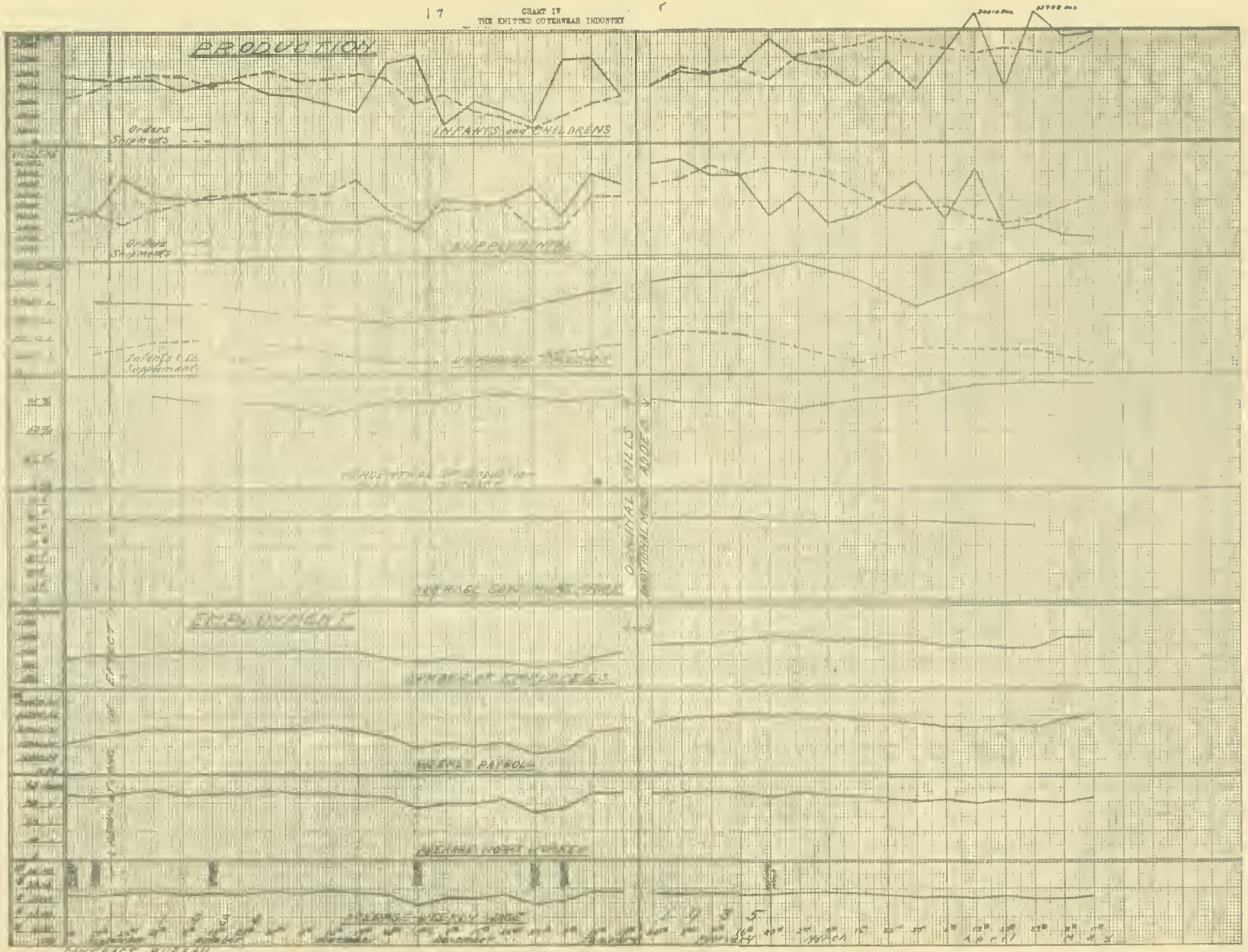
TABLE XXX, KNITTED OUTERWEAR INDUSTRY
SUMMARY OF WEEKLY NUMBER WORKERS EMPLOYED, TOTAL WEEKLY HOURS WORKED, TOTAL WEEKLY PAYROLLS, AVERAGE WEEKLY HOURS, AVERAGE WEEKLY WAGES, & AVERAGE HOURLY WAGES, IN INFANTS' & CHILDREN'S CONTRACT BRANCH - FROM SEPTEMBER 1, 1934 to MAY 11, 1935.

WEEK ENDING	NO. OF WORKERS EMPLOYED	TOTAL MAN HOURS	TOTAL PAYROLL	AVERAGE HOURS PER WK.	AVERAGE WEEKLY WAGE	AVERAGE HOURLY RATE
September 1	1,099	39,634	$19,893.36	36	18.10	.50193
September 8	913	*32,878	15,944.51	36	17.67	.48496
September 15	1,041	**37,031	18,387.64	35	17.66	.49655
September 22	1,025	37,961	19,046.06	37	18.58	.50173
September 29	1,096	41,705	20,702.72	38	18.89	.49641
October 6	1,139	***40,358	20,572.59	36	18.07	.50975
October 13	1,096	*40,808	20,299.46	37	18.52	.49744
October 20	1,127	41,949	20,696.27	37	18.37	.49337
October 27	1,115	42,522	21,013.53	38	18.85	.49418
November 3	1,142	42,212	21,224.47	37	18.53	.50281
November 10	1,136	42,281	21,520.31	37	18.94	.50898
November 17	1,121	40,815	20,736.22	36	18.50	.50805
November 24	1,000	35,646	18,334.70	36	18.33	.51436
December 1	925	*26,804	14,185.81	29	14.29	.52924
December 8	956	30,484	16,135.76	32	16.88	.52931
December 15	906	28,588	15,084.87	32	16.85	.52766
December 22	902	30,300	16,016.36	34	17.76	.52859
December 29	815	*22,257	11,815.66	27	14.50	.53087
January 5	860	24,617	13,492.52	29	15.69	.54810
January 12	1,005	37,019	19,026.64	37	18.97	.51494
January 19	1,121	41,676	20,961.56	37	18.70	.50296
January 26	1,285	47,532	23,550.12	37	18.33	.49546
February 2	1,334	49,894	24,325.77	37	18.24	.48755
February 9	1,343	51,128	25,021.84	38	18.63	.48939
February 16	1,382	51,527	25,446.28	37	18.41	.49384
February 23	1,444	*50,886	25,637.24	35	17.75	.50382
March 2	1,419	52,433	25,776.41	37	18.17	.49161
March 9	1,361	49,266	25,106.50	36	18.45	.50961
March 16	1,360	47,371	24,148.99	35	17.76	.50978
March 23	1,333	45,275	23,883.06	34	17.92	.52751
March 30	1,299	43,522	21,949.91	33	16.90	.50431
April 6	1,234	41,470	21,152.44	34	17.14	.51006
April 12	1,268	40,524	21,108.68	32	16.65	.52089
April 20	1,226	42,289	22,169.15	34	18.08	.52423
April 27	1,284	41,996	21,593.87	33	16.82	.51432
May 4	1,440	46,437	23,729.46	32	16.48	.51001
May 11	1,409	49,055	25,269.48	35	17.93	.51512
TOTAL	42,961	1,508,140	764,996.19			
Weekly Av.	1161			35.10	17.81	.50725

Source: Contract Bureau of Knitted Outerwear Code Authority, N.R.A. files.

Chart IV Also pictures in detail the rise and decline in number of workers, hours, total payroll, average hours, and weekly and hourly wages.

CHART IV
THE KNITTED OUTERWEAR INDUSTRY



KNITTED OUTERWEAR
INFANTS & CHILDRENS CONTRACTORS

CONTRACT BUREAU
KNITTED OUTERWEAR CODE AUTHORITY

HOMEWORK SYSTEM OF PRODUCTION

THE PROBLEM - In this industry, as in many manufacturing industries, there exists the homework system of production.

The operation of a homework system of production results in the exploitation of the homeworkers through unsocial wage levels; the creation of tendencies toward lowering labor standards generally among factory workers; alleged menaces of the health of ultimate consumers of the homework product; and potential menaces to standard machine made merchandise.

To abolish homework would deprive aged, crippled and widows of funds oftentimes urgently needed by them for existence. Also if homework were abolished, there would probably result the elimination of businesses that have been in existence for years employing this system.

In support of its abolition, evidence of low wages was introduced in arguments by various persons and groups interested in homework at the time of its consideration by NRA. Earnings, which in homework can only be paid on piece-work basis, were represented to be as low as two and three dollars per week per worker for a work week of forty or fifty hours. In very few cases were there paid in excess of eight or ten dollars per week for the work. (*) Hourly rates of pay were said to be from three to nine cents, with only a few exceptions.

NRA CONTROL - The National Recovery Administration recognized the system of homework production in the knitted outerwear industry as one of the industry's major problems.

NRA Administrator, Hugh S. Johnson, on December 5, 1933, in his report to the President recommending the approval of the knitted outerwear code stated:

> ".....it was evident that more time should be allowed for study of the problem. Accordingly a Homework Committee has been provided for in the Code to set equitable piece rates and to study the practicability of elimination of homework, insofar as possible".

Pursuant to Administrative Order Number 164-9, issued on April 30, 1934, seven persons were appointed as members of the hand knitted division committee and charged with the responsibility of making a study and report, within six months, "upon the proper minimum piece-work rates in the industry and upon the practicability of discontinuing homework in the industry, or setting up a system of control for homeworkers".

The personnel of the committee consisted of the three members of the industry representing machine manufacturers, three members of industry representing homework manufacturers, (of which one represented manufacturers of hand-knitted and hand-crocheted infants' and children's wear, the second represented manufacturers of hand-knitted and hand-crocheted berets and

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(*) See Transcript of Knitted Outerwear Public Hearing of October 8, 1934, Day and Night Sessions. N.R.A. files.

novelties, and the third represented manufacturers of hand-knitted adult sportswear), and an NRA Assistant Deputy Administrator, who acted as chairman, representing the NRA Administrator.

This committee submitted its report to the National Recovery Administration at a public hearing of October 8, 1934. (*) The report, upon which the committee itself failed to agree unanimously, recommended the continuance of homework for an indefinite length of time under regulations to be administered by a "Homework Control Committee of the Code Authority". The report even set forth proposed hourly wage rates to be paid homeworkers.

After the hearing when the report and all other evidence submitted was considered, the Administration made a finding that the report of the committee was inadequate, that it failed to establish facts which would warrant the continuance of homework in the industry, and that it failed to present any adequate plans for the control of homework. (**) The respective groups representing homework production were advised of these findings, whereupon they presented to the National Recovery Administration petitions for a stay of the code provisions which provided for the termination of homework at the end of one year from the effective date of the code.

Following the receipt of this petition and after numerous conferences with industry representatives, the Administration decided to stay the homework provision of the code for those homework manufacturers and homework contractors who would agree to comply with the code and special regulations to be adopted to govern homework production.

On February 4, 1935, there was issued an order appending homework regulations. (***)

The report of the Division Administrator and the Deputy Administrator in charge of the Knitted Outerwear Code which accompanied the above mentioned order and regulations when presented to the National Industrial Recovery Board for approval stated, in part:

> "It was decided in arranging this Stay not to provide for minimum wage as it was felt that without proper regulatory provisions and adequate statistics any attempt at establishing minimum wages would result in creating wholesale violations and in addition would upset Industry as rates would be increased at a time when members of the Industry had contracted for their

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(*) See Transcript of Knitted Outerwear Industry Hearing dated October 8, 1934, Day and Night Sessions. N.R.A. files.

(**) See Report of Prentiss L. Coonley, Division Administrator, and M. D. Vincent, Deputy Administrator, contained in Order Volume No. 164-36 of N.R.A. files.

(***) See Administrative Order No. 164-36 and appended documents. N.R.A. files.

yarn and sales for the season. The Knit Wear Associations involved stated that their season usually runs from the end of December until after July 4, but April 1, would give them sufficient time to work off their present commitment.

"This stay period, however, is intended as a transition period, during which the 'Sports Wear', 'Hand Joined', and 'Beret' branches of the Industry may adjust themselves to Code provisions by bringing their work to inside shops or factories. Some members are preparing to do this and the Code Authority will be advised as to the purpose of the Stay if the Order is signed. If at the expiration of the Stay some members are still in process of transferring the work to shops or factories, it may be necessary to grant reasonable addition of time to those who show need for it.

"The 'Infants' and 'Children's' branch presents a more difficult problem of transition and will require further consideration."

As provided in the order and regulations, the homework commission, through the homework bureau, registered homeworkers, homework manufacturers and contractors; and was in the process of collecting, assembling, and analyzing data in order to make its reports and recommendations to the National Industrial Recovery Board when the order for cessation of all NRA activities were issued.

The cessation of this activity, just when it was getting such a good start, was unfortunate, since it would have produced reliable information on homework, a region where there is such a paucity of data.

Subsequent information on this subject in this report is from the Knitted Outerwear Homework Bureau. Although the information is incomplete and covers a very short period of time, it indicates what might have been obtained on a much larger scale had the code system continued..

NUMBER AND LOCATION OF HOMEWORKERS - The records of the Knitted Outerwear Homework Bureau, show 20,300 registered homeworkers in the Knitted Outerwear Industry. (*)

In all probability this figure is low due to failure of many homeworkers to register with this bureau.

Although knitted outerwear homeworkers are scattered through 31 states, over 90% of them are located in the following four states: New York (33.2%), Maine (29.3%), Pennsylvania (14.2%) and New Jersey (13.9%).

(*) This and subsequent information on homework taken from "Report on Homework in the Knitted Outerwear Industry, for the eight week period beginning April 1, 1935, and ending May 25, 1935. N.R.A. files.

EARNINGS OF HOMEWORKERS - According to this Bureau, during the eight weeks from April 1, 1935, to May 25, 1935, only 13,266 (*) of these workers received payments. Their total earnings amounted to $127,622. Homeworkers, during this period, therefore, averaged $1.20 per week.

A breakdown of their earnings shows; 60% of them earned less than 75¢ a week, 16% earned from 75¢ to $1.25, and only 23% earned amounts above $1.25 per week.

Of the total homeworkers receiving payments, 54.7% were located in rural areas. This group averaged $4.96 for the entire eight week period or 62¢ per week. Only 7.9% of them earned amounts upwards of $10 for the entire period.

The Metropolitan workers, averaged $16.42 for the eight week period, or $2.05 per week and 45.7% of them earned above $10 for the period.

PRODUCT CLASSIFICATION OF HOMEWORKERS - Three labor classifications include most homeworkers.

The hand-knitted or crocheted group takes 68.3% of the workers, who received 40.2% of the total payments.

In the headwear group are 12.1% of the workers, earning 16.5% of the wage payments.

Engaged in making women's sportswear were 7.3% of the homeworkers earning 12.3% of the total earnings.

PAYMENTS TO HOMEWORKERS ACROSS STATE BORDERS - Payments to homeworkers across state borders are of interest since they indicate interstate movement of goods oftentimes even while in process of manufacture since parts of incomplete garments are often joined by homeworkers.

Schedule XIV from the homework report shows the extreme minima of such payments. According to this report:

> "It is also interesting to note that out of the total amounts paid by manufacturers, $28,181.81, to homeworkers outside of their states, $25,732.09 was paid for hand made infantswear. This is due to the prohibition in New York State of homework on infantswear in tenements. It is likely that further regulation in New York which would affect homework on headwear, or in Pennsylvania affecting ladies sportswear, would force those types of work also into states where there is no restriction on homework.

(*) This does not mean that the 7,034 workers who received no payments during that time were not working, merely that no complete work was returned by them to the manufacturer or payments made.

> "The state where manufacturers made the greatest number of out-of-state payments was New York, where $26,108.27 was paid to 5,365 workers in 26 other states (91.5%) of which was for wholly hand-made infantswear as above noted.) These payments for infantswear were the only ones recorded for 13 of the states.
>
> "Next comes Pennsylvania, with $1,286.11 paid to 174 workers outside state limits, and New Jersey with $401.02 to 60 workers, and lastly Wisconsin with a small amount to workers in an adjacent state for the hand finishing of knitted outerwear."

HOMEWORK EMPLOYERS - Although there were manufacturers employing contractors registered with the homework bureau from 13 states, 64% of the total were located in New York, 10% in Pennsylvania, 8% in New Jersey. New York City firms employed 91% of the contractors and 68.7% of the registered homeworkers.

HOMEWORK CONTRACTORS - Contracting has crept into even the homework field of the knitted outerwear industry. Here it is particularly harmful since it tends to lower the already too low earnings of homeworkers. Homework contractors are essentially middlemen between the manufacturer and the homeworker. He receives the materials from the manufacturer, which he farms out to the homeworker to be made into garments. He then pays the homeworker, goes to the manufacturer, turns in the completed garments and receives payment for all services performed. Thus it is seen that he deducts from the total amount received for performing the services a certain cut to pay himself for his share of the service (the distribution and collection function). Since oftentimes no direct contact exists between the homeworker and the manufacturer, abuses can creep in with the contractor deducting a disproportionally large portion of the total payment for his share. The already too low wage of the homeworkers is thereby further curtailed.

According to the Knitted Outerwear Homework Bureau, 303 contractors were registered with the Bureau. This Bureau in speaking of the contractors and their reports said:

> "The contractors were an illiterate group, and it was with great difficulty that they were made to understand what was required. Personal explanations had to be made. Reports were not correctly made out, and were difficult to decipher. In fact, only 1,470 out of the required 2,424 weekly reports for the 8 week period, were sent in by contractors, and it is obvious that if results are to be obtained by any system of regulation, full responsibility should be placed upon the shoulders of the manufacturers".

Contractors paid out 37% of the total payments made to homeworkers and their own commissions amounted to 19.5% of the total payrolls.

TABLE XXXI

KNITTED OUTERWEAR INDUSTRY

HOMEWORK MANUFACTURERS, HOMEWORKERS AND PAYROLLS OF HOMEWORKERS, CLASSIFIED BY STATES FOR THE EIGHT WEEK PERIOD, APRIL 1, 1935 to MAY 25, 1935.

Location	Reg. Mfgrs.	% Total	Total Payrolls Reported	% Total	Registered Workers
New York	111	64.3	$125,997.55	79.4	8,445
Pennsylvania	18	10.4	20,683.88	13.0	2,883
New Jersey	16	9.2	5,095.31	3.2	659
California	7	4.0	1,305.70	.8	113
Massachusetts	5	2.9	358.34	.2	17
Illinois	4	2.3	938.05	.6	23
Ohio	3	1.7	679.70	.4	39
Wisconsin	3	1.7	950.21	.6	35
Michigan	2	1.7	1,667.21	1.1	59
Maryland	1	.6	41.58	.1	7
Vermont	1	.6	498.78	.3	9
Maine	1	.6	427.49	.2	13
Washington	1	.6	16.87	.1	4
Total	173	100.%	$158,660.67	100.%	12,306

Source: Report on Homework in the Knitted Outerwear Industry For the Eight Week Period Beginning April 1, 1935, and Ending May 25, 1935, N.R.A. files.

Table XXXII

KNITTED OUTERWEAR INDUSTRY

Part I

NUMBER OF HOMEWORKERS AND TOTAL PAYROLLS, BY STATES - FOR THE EIGHT WEEK PERIOD - April 1, 1935, to May 25, 1935.

States	Number Home Workers Paid	% of Total	Total Earnings	% of Total
New York	4,584	34.5	$57,608.12	45.1
Maine	4,441	33.4	21,840.68	17.1
New Jersey	1,504	11.3	17,520.98	13.7
Pennsylvania	1,375	10.3	20,390.12	15.9
Tennessee	429	3.2	1,399.72	1.1
Kentucky	339	2.5	1,195.39	.9
California	134	1.0	1,317.48	1.0
Massachusetts	80	.6	683.87	.5
Vermont	74	.5	785.48	.6
New Hampshire	53	.4	235.95	.1
Michigan	50	.3	1,489.72	1.1
Ohio	45	.3	711.46	.5
Connecticut	40	.3	345.29	.2
Maryland	27	.2	133.36	.1
Wisconsin	25		740.89	
Illinois	19		960.65	
Virginia	11		78.81	
Delaware	10		65.00	
North Carolina	6		28.09	
Washington	5		24.94	
Florida	2		21.50	
Georgia	2		4.39	
Minnesota	2		6.99	
Texas	2		10.95	
Alabama	1		2.02	
Colorado	1		4.12	
Oklahoma	1		2.69	
Rhode Island	1		4.82	
West Virginia	1		2.90	
Dist. of Col.	2		5.56	
Total	13299	100%	$127,622.23	100%

Source: Report on Homework in the Knitted Outerwear Industry for the Eight Week Period beginning April 1, 1935, and Ending May 25, 1935, N.R.A. files.

TABLE XXXIII - Part II

RANGE AND DISTRIBUTION OF EARNINGS OF HOMEWORKERS, BY STATES FOR THE EIGHT WEEKS PERIOD - April 1, 1935 to May 25, 1935.

States	Range Individual Earnings of Homeworkers - 8 Weeks Period		Average Earnings of Homeworkers for 8 Weeks Period	under $6		$6 - $10		over $10	
	High	Low		Number	%	Number	%	Number	%
New York	$228.64	.15	$ 12.56	2255	49.2	736	15.9	1593	34.9
Maine	108.59	.22	4.91	3458	77.9	672	15.1	311	7.0
New Jersey	244.77	.30	11.64	771	51.3	261	17.4	472	31.3
Pennsylvania	168.30	.33	14.82	568	41.3	301	21.9	506	36.8
Tennessee	26.65	.48	3.26	382	89.0	36	8.4	11	2.6
Kentucky	27.36	.74	3.52	293	86.4	39	11.5	7	2.1
California	79.71	1.20	9.83	63	47.0	21	15.7	50	37.3
Massachusetts	97.11	.55	8.54	54	67.5	11	13.8	15	18.7
Vermont	143.72	.70	10.61	50	67.6	12	16.2	12	16.2
New Hampshire	19.80	.21	4.45	40	75.5	11	20.8	2	3.7
Michigan	82.93	.96	29.79	5	10.0	4	8.0	41	82.0
Ohio	46.94	2.09	15.81	10	22.2	7	15.6	28	62.2
Connecticut	121.12	.75	8.63	29	72.5	4	10.0	7	17.5
Maryland	9.51	1.90	4.93	19	70.4	8	29.6		
Wisconsin	77.70	1.95	29.63	2		2		21	
Illinois	90.00	4.02	30.56	2		1		16	
Virginia	29.05	1.59	7.16	8		1		2	
Delaware	9.16	2.33	6.50	4		6			
North Carolina	7.90	1.86	4.68	3		3			
Washington	9.04	2.09	4.98	4		1			
Florida	15.50	6.00	10.25			1		1	
Georgia	3.38	1.31	2.34	2					
Minnesota	5.36	1.63	3.49	2					
Texas	9.22	1.73	5.47	1		1			
Alabama	2.02	2.02	2.02	1					
Colorado	4.12	4.12	4.12	1					
Oklahoma	2.68	2.68	2.68	1					
Rhode Island	4.82	4.82	4.82	1					
West Virginia	2.90	2.90	2.90	1					
Dist. of Col.	3.91	1.65	2.78	2					
Total	$ 244.77	$ .15	$ 9.62	8032	60.5	2139	16.1	3095	23.4

Note: These distributions are further broken down by population of area in which homeworkers are living in Schedules III A, B, C and D, of the Homework Report.

Source: Report on Homework in the Knitted Outerwear Industry, for the 8 week period - April 1 to May 1, 1935, N.R.A. files.

TABLE XXXIV

KNITTED OUTERWEAR INDUSTRY

HOMEWORK CONTRACTORS, HOMEWORKERS EMPLOYED BY CONTRACTORS AND PAYROLLS OF HOMEWORKERS EMPLOYED BY CONTRACTORS, BY STATES - April 1, 1935 to May 25, 1935.

Location	Registered contractors	% Total	Total Payrolls Reported	% total Contractors Payrolls	Homeworkers Registered by Contractors
New York	211	69.7	$35,290.53	75.5	2,445
New Jersey	64	21.2	8,954.39	19.1	1,038
Pennsylvania	13	4.3	1,066.98	2.3	153
Maine	7	2.3	1,258.42	2.7	218
California	3	1.0	159.50	.3	42
Connecticut	1	.3	53.05	.1	16
Ohio	1	.3	16.67	-	3
Maryland	1	.3	-	-	70
Tennessee	1	.3	-	-	18
Virginia	1	.3	6.18	-	3
Totals	303	100.%	$46,805.72	100.%	4,006

Source: Report on Homework in the Knitted Outerwear Industry For the Eight Week Period Beginning April 1, 1935, and Ending May 25, 1935, N.R.A. files.

CHAPTER VI

GENERAL EFFECTS OF THE CODE

BENEFITS OF THE CODE TO LABOR.

Attributed to the operation of the Code are the improvements revealed by the following figures:

Year	Employment: Number Employed (000)	Employment: Index 1929=100	Average Weekly Hours	Employee Earnings: Hourly Average	Employee Earnings: Weekly Average
1934	28.29	97.7	35	44.4¢	$15.65
1933	26.38	91.1	41	34.0	15.21

These figures allow a comparison between the average employment, average weekly hours, average hourly wages, and average weekly wages for each of the two years -- one a "depression" year and one a "code" year.

The increase of employment from 26,380 employees in 1933 to 28,290 employees in 1934 represents an increase of 6.6 per cent, using the 1929 employment figures as a basis of 100 per cent. 5 per cent out of this 6.6 per cent increase occurred between the year 1933 and the year 1934.

Average weekly hours of employees in 1933 were 41. In 1934 they had dropped to 35. Of the 6-hour reduction, 4.1 hours were dropped between 1933 and 1934.

The increase in average hourly earnings of employee from 34¢ in 1933 to 44.4¢ in 1934 represents an increase of 30.6 per cent of this increase 25.9 per cent occurred between 1933 and 1934. Average weekly earnings of employees show slight changes from the pre-Code period.

All reports issued by the Code Authority for this industry indicate that the industry and the employees in it gained substantial benefits throughout the code period. An article in the October 19, 1934 issue of the Knitted Outerwear Times stated that the increase in employment from the effective date of the code up to April, 1934, a period of five months, averaged between 8 and 12 per cent; that during the same period there was a payroll increase ranging from 17 to 22 per cent; that the hours worked during that period were decreased from 2% to 13.7 per cent; that the average hourly wage increased to 53¢ from 36¢; that the actual average hours per week per employee decreased from 40 to 35.8. The data contained in this article was gathered from the answers received to 300 questionnaires sent to members of the industry, representing all the branches of the industry.

An article appearing in the April 18, 1935 issue of the Knitted Outerwear Times contained information that there had been an increase of 38.88 per cent in employment, 31.13 per cent in wages and 83.06 per cent in dollar volume since the effective date of the Code. The difference between an employment rise of 38 per cent and a wage rise of 31 per cent is explained

by the fact that new employees were paid learners' wages, which were far below the earnings of skilled workers.

In a letter sent to the Division Administrator by the Secretary of the Code Authority, dated August 3, 1934, it was claimed that a survey of 649 mills had indicated that from the period of February, 1934 to August 1, 1934, employment had increased 30 per cent and pay rolls 17 per cent. It was explained that the greater increase of employment over increase in wages was explained by the fact that most of the new employees were hired at beginners' rates of pay, thus increasing the over-all average.

In a statement by Mr. Gould (*) of the Federal Knitting Mills, a member of the industry in the Cleveland Area, it was claimed that "the National Industrial Recovery Act has actually demonstrated its efficiency in the industry in Cleveland. Actual reports show that Cleveland has employed 28 per cent more labor and increased its payrolls 40 per cent during the last four months."

The code for this industry had a very wholesome effect against sweat shop conditions in the industry; upon elimination of the use of child labor and the downward pressure of wages against an unorganized group of employees. This industry is one of the few in the apparel groups which has a very low percentage of unionized markets, and, since there was no means of regulating wage levels, the tendency was constantly downward. This is evident from a statement (**) made by Irwin S. Admans, member of the Code Authority, connected with the Jantzen Knitting Mills of the Pacific Coast area, as follows:

> "There are elements of criminality in child labor, and in the sweated labor, just as there are where a man robs a bank. Heretofore, the practical operation of the system has put a premium on inhumanity. Believing this, the industry has earnestly cooperated to the best of its ability."
>
> "It welcomes elimination of the sordid adjusting screws of wages, long used by a subversive minority as a competitive device, with the result that emphasis will be universally in other fields where managerial ingenuity is more properly applied and rewarded by public favor."

BENEFITS OF THE CODE TO INDUSTRY MEMBERS.

Mr. Harold R. Lhowe, Code Authority and Association Director, stated (***) in May, 1934 that "Industry failures were about 5 per cent for the

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(*) See Transcript of Hearing held October 16 and 17, 1934, p. 64. N.R.A. files.

(**) See Transcript of Hearing on Amendments dated October 16, 1933, page 77. N.R.A. files.

(***) See Transcript of Hearing on Amendments, dated May 12, 1934, p. 51 N.R.A. files.

past year but that figure was not indicative of general industry conditions because in New York most of the small units buy supplies on credit from yarn jobbers who, in the past few years, had maintained them in the hope of a good and profitable season. Credit was abnormally extended to all, regardless of financial condition. In good seasons or by private adjustments, debts were paid up perhaps 20 to 30 cents on the dollar."

From all past records in this industry, a showing such as the above indicates a helpful stride forward.

A wire addressed to Senator Nathan Straus, Jr., from the Knitted Outerwear Code Authority, dated June 15, 1934, said: "Year of NRA has been a year of progress in the Knitted Outerwear Industry toward a new enlightened ideal of business relationships STOP Wages and employment have been increased STOP Manufacturers have been awakened to a new sense of obligations to their employees - to each other and to the consumers of Knitted Outerwear."

The results of a questionnaire which had been sent out early in April of 1935 indicated the following sentiments in the industry; 73 per cent of the members were in favor of the NRA and wanted it continued in some form or another; 27 per cent were in favor of the discontinuance of all regulations. A further breakdown of the figures ascertained from the questionnaire shows the following: 67 per cent of the smaller mills in the industry were in favor of the NRA and 33 per cent were opposed to it; 89 per cent of the larger mills were in favor of the NRA and 11 per cent were opposed to it. The line of demarcation between the small and the large mills was arrived at by averaging the total number of employees divided by number of establishments. A truer test of large and small mills, however, would have been to pick those establishments which were predominately large and by such a test it will be found that, in this industry at least, the vast majority of the small mills were definitely in favor of the continuance of NRA to a much greater degree than were the larger mills. (*)

The Code Authority Secretary, in his letter explaining this questionnaire, stated that "my private opinion is, however, that the 'nays' are generally most easily provoked and quickest to respond and, therefore, any further responses would undoubtedly bring the percentage of 'yes' votes to a much higher percentage."

The code also had the effect of reducing, and in many instances completely eliminating, unethical and unfair methods of competition.

A statement by Mr. August Egerer (**), Code Authority member and former president of the National Knitted Outerwear Association states as follows:

(*) See "Knitted Outerwear TIMES" issues of April 25 and May 2, 1935. Published by National Knitted Outerwear Ass'n. N. Y. C.

(**) See Transcript of Hearing dated October 16, 1933, pp. 7 and 8. N.R.A. files.

"Laboring and suffering under a system of competition wherein the business practices of the most vicious and unethical competitor tends to become established as the normal practice of all. Accordingly, this Code aims to assist the industry in every way that unrestrained competition has tended to demoralize it. Thus this code has been drafted with a view to reduce unemployment and improve labor standards; to protect the employee from the effect of destructive competition between employers by the establishment of a minimum wage and maximum hours of employment; to eliminate the sweatshop and attendant evils; to ban child labor and the farming-out of work to be done in homes where labor, not subject to supervision, tends to degenerate in standards and remuneration; and to retain competition but to elevate it and restrict it to that region in which it properly belongs -- in the service of the public good."

Of no little importance is the education bestowed upon members of the industry by the operation of the code. Much educational work in the past has been done, of course, through the industry's trade associations, but never was it applied generally so as to reach every industry unit nor was it so broad in scope as the educational work resulting from the code.

Never before had the manufacturer been in a position where daily he was faced with the responsibility of observing principles designed for the general good. Realization of this responsibility developed a desire to learn of industry conditions outside of one's own plant which, in turn, developed a sense of unity and loyalty beneficial to the entire industry.

POST CODE LABOR CONDITIONS.

Examination of the data contained in the tables in Chapter II indicates that labor conditions have been little changed since the code period.

However, strikes have occurred in isolated cases in the industry showing that conditions are not altogether to the liking of labor in all mills in the industry.

Additional date on post-code labor conditions seems desirable before drawing definite conclusions.

POST CODE TRADE ASSOCIATION ACTIVITIES.

Activity in the industry to revive code regulation after May 27, 1935 is pertinent to note.

It is necessary to go back before May 27, 1935 to see the attitude of the industry members at the time the code was in operation but with a likelihood of being abolished.

The April 18, 1935 issue of the "Knitted Outerwear Times" reported that the contractors' group of Infants' & Children's Wear Division of the industry assembled and adopted a resolution urging the re-enactment of the National Industrial Recovery Act. Declaring that the "NRA had

been a salvation of the small business man", the contractors claimed in their resolution that "before..... NRA a savage cut-throat competition forced us to accept prices which were so low that we were not only unable to pay labor decent wages but were unable to pay our overhead expenses, let alone draw a common living." After the enactment of the Recovery Act and the institution of regulations governing contractors, a marked improvement in the entire field took place with employment, payrolls, etc., with prices spurting, the resolution asserted. "We were, for the first time in the years of the depression able to make our businesses an instrument for employment and a source of livelihood for ourselves..." and"...if no action is taken by Congress extending the life of NRA" the resolution predicted, "all the gains that have been made by the industry.....would be vitiated."

On May 21 and 22, 1935 the industry joined the "march" on Washington to press for extension of NRA for two years. (*)

Delegations from many sections of the indsutry appeared in Washington to add weight to the presentation of the resolution for the continuation of the NRA.

Less than a week later, the U. S. Supreme Court issued its Schechter case decision which resulted in the cessation of all code activities. The effect of the announcement of the decision was to throw the industry into a wild state of confusion and uncertainty.

Statements appearing in the industry news organ, the "Knitted Outerwear Times", (**) two days after the decision, show to an extent the manner in which the "death notice" of NRA was received. These statements, in part, were:

> "Nullification of the National Recovery Administration.... came Monday afternoon as a startling, unexpected blow to members of the Knitted Outerwear Industry, leaving them bewildered and confused as to their plans for the future.
>
> "The impact was all the more paralyzing because opinion had generally been that the National Recovery Administration was due to be continued in some form or other. Many manufacturers seemed unable to believe that the code which had governed them through nearly a year and a half of improved business ethics and substantial gains was swept away, competely and cleanly..... Removal of the restraining bonds left them stunned with their new-found liberty.
>
> "Speculation was rampant that in time, in the event that no controlling legislation appeared, the work-week would be lengthened and wages reduced.....although unconfirmed rumors drifted about that

(*) "Knitted Outerwear Times", issue of May 23, 1935. Published by National Knitted Outerwear Ass'n. N.Y.C.

(**) See "Knitted Outerwear Times" issue of May 29, 1935. Published by National Knitted Outerwear Ass'n. N.Y.C.

several producers were considering extending their operating periods."

"Reports filtering in from other districts.....pointed to the existence of a similar state of bewilderment in other sectors of the country....

"Predictions were freely made that a drastic curtailment of wages and simultaneous lengthening of hours would usher in throughout the country an unprecedented wave of industrial unrest which would not skip over the knitted outerwear field in its vicious swing through industry.

"Calls from members of the industry deluged the association and Code Authority switch boards late Monday afternoon, all of Tuesday and early this morning, expressing regret at the Supreme Court's momentous verdict and wondering in shocked fashion if there was not some possibility of continuing NRA's fundamental tenets possibly by voluntary action."

Near the first of June, the National Knitted Outerwear Association sent a representative to a conference of apparel trade association executives, "called to formulate methods of maintaining fair trade practice provisions in the apparel industries, in the face of efforts by customers of the various fields represented to gain concession over those permitted in codes of fair competition." (*)

The Board of Directors of the National Knitted Outerwear Association, in June, 1935, made announcement of a program of activities of the association for the coming year from July 1, 1935 to July 1, 1936, wherein was contained the following:

"1. TRADE-CODE AND FAIR COMPETITIVE PRACTICES:

"Within this group come all the varied efforts to maintain, so far as possible, the valuable provisions of the former NRA code and the ethical standards heretofore established for the Industry, through -

"(a) Cooperation with government agencies, such as the Federal Trade Commission, to curb improper trade practices; and

"(b) Spurring of voluntary action to keep high the standards of business conduct in a growing industry by use of publicity, conferences with retailers, wholesalers and their representatives, collaboration with other industries and trade associations, particularly in the apparel field, in resisting improper buying tactics, and cooperation with newspapers, the Council of Apparel Trade Association Executives, the Better Business Bureau, and other similar agencies."

(*) See "Knitted Outerwear Times", issue of June 13, 1935. Published by National Knitted Outerwear Ass'n. N.Y.C.

After the great wave of excitement over the death of NRA had subsided, there followed plans of action by the industry to maintain benefits of code rule.

In the second week in June, 1935, the Board of Directors of the National Knitted Outerwear Association, with "uniformity of opinion and the absence of dissent" approved a plan for the "maintenance of the vital labor provisions and fair trade practice of the code on a voluntary basis." (*)

Each of the various districts of the industry initiated action for the adoption of voluntary rules. The popular demand was for code continuance in some form.

There resulted directly, from the action of the Board of Directors of the Association, the formulation of a voluntary trade Code and its presentation to two hundred members of the industry at a general meeting held in New York in July 1, 1935. (**)

Later the proposed trade code, through the industry districts, was sent to all members of the industry, together with a pledge which each member was asked to sign. The pledge carried the express stipulation that no signatory would be bound to observe the provisions of the voluntary pact until at least 70 percent of the industry had signed similar pledges.

The trade code and agreements to comply were to run until July 1, 1936, unless, after sixty (60) days of operation, 65 percent of the industry had failed to sign pledges.

The 70 percent goal was expected to be attained within the first thirty days. At meetings held in the districts throughout the industry, resolutions were passed unanimously approving the new proposal. In fact, nowhere were there found voices of objection. Discussion brought forth the use of statements: "The fate of your industry is at stake.", "It is the duty of every man to do his bit to make this a bigger, grander, safer industry," and others indicating great enthusiasm over the trade codes.

The trade code came more closely to exactly duplicating the NRA code than any other textile agreement. Wages, hours, child labor, label, and many other provisions were included . It is unfortunate that a copy of this code is not available for inclusion in this report.

Available, however, is a copy of the trade code adopted June 24, 1935 by the Board of Directors of Pacific Coast Knitted Outerwear Association, which is believed to be similar to, or at least based upon, the trade code for all the industries.

(*) See "Knitted Outerwear Times", issue of June 13, 1935. Published by National Knitted Outerwear Ass'n. N.Y.C.

(**) See "Knitted Outerwear Times", issue of July 5, 1935 published by Nat'l Knitted Outerwear Ass'n. N.Y.C. and Textile World", July issue, page 114, published by McGraw Hill Co., N.Y.C.

code for all of the Industry. (*)

Despite the great display of enthusiasm signed pledges to adhere to the voluntary code from individual members of the industry did not appear in sufficient numbers to make the code effective. After about two months, only about 70 per cent, of the members had signed.

There was no open announcement by the association of abandonment of the trade code plan. Perhaps none was made because of fear of a consequent competitive abandonment of code standards.

At the beginning of the fall of 1935 the frequent expressions by the association and industry leaders of desires for continuation of NRA standards by trade pacts, merely ceased, and the "talk" employed by the association evaded reference to NRA and was to the effect that "Prosperity is back, smothering trade evils and all the industry needs is a well-supported and active trade association.

Where an industry consists largely of many small, ununionized, and highly competitive units, as does the knitted outerwear industry, needing standards of fair competition, it is most difficult to being it into an agreement for successful promulgation and observance of a voluntary code. Suggested reasons for this, based upon discussions coming from the industry follow.

Although the will of any group may be expressed democratically through a majority, the control of unfair competition by voluntary agreement requires near unanimity. Such universality of assent is hardly possible among business men of the type and in as great a number as make up the knitted outerwear industry.

While it is true that 10 per cent of an industry consisting of chiselers can sabotage the efforts of a 90 per cent cooperative group, there is another cause for discussion where voluntary codes are considered. There are enough variations in details of operation in every industry to give rise to honest differences of opinion over what might constitute unfair competition. In the absence of any authoritative arbitrator, compromise becomes extremely difficult. Voluntary agreements, however simple, will contain some provisions on which differences of opinion will exist. Members of industry individually may agree on all provisions except one or two, and base their objection to the entire document on some minor part which may not be entirely satisfactory. Other members of the industry may have the same feeling with regard to some other provision. Therefore, although each provision may be favored by a good majority of the industry, there may be enough objectors to different provisions of the agreement to result in a failure to obtain even a majority of support for the entire trade pact.

Another difficulty arises from the very nature of the agency - the trade association - which undertakes to administer the voluntary code.

(*) Trade code and accompanying regulations for use of labels with a copy of an agreement to comply is filed with Work Materials for this study. N.R.A. Files.

It must lay the impossible, dual character of having to solicit aid and support from those against whom it may, in addition, exercise its strength. While, on one hand, it must be the servant of the industry seeking to win support and favor by friendliness to all, it must - on the other hand - be the judge and arbitrator attempting to enforce rules. The difficulties of acting simultaneously as advocate and judge are unsurmountable and obvious.

With an association attempting to thus straddle, there is always the possibility of the creation of new competing trade associations by the disaffected. In some industries duplications of trade associations already prevent concerted action. Yet, even where there is a single organization, the constant fear exists of secession by those who have special interests. Then too, intra-industry politics are likely to become more dominating in the absence of a higher authority, creating obstacles in the way of successful operation.

Another difficulty which, perhaps, was common in the case of the knitted outerwear industry, may be found in getting hundreds of small manufacturers to affix signatures to any sort of legal instrument. Signing is a grave and terrifying procedure to many persons. Small business men, who do not have much time to consider these matters deeply, find them difficult to comprehend, or are shy of the possibility of becoming involved in remote obligations by "tricky" legal phraseology. They are likely to call in their attorneys and accountants for advice. Finally, they are apt to wait and see what others are doing before taking action themselves. When this is general, the effects are disastrous to a voluntary code.

Finally, there is the matter of supporting a code. An association is supported by membership dues. Parties to a voluntary code cannote be enrolled solely from the membership of the association but must be from the industry at large. Yet non-association members are usually those who are reluctant to contribute subscription to such efforts and it is commonly for this reason they are not association members. Since financial support is necessary, there would follow the difficult task of getting non-association members to pledge observance of the code and agree to make money contributions. Failure to solicity adequate funds from this group would throw the whole expense of administration upon the shoulders of the already contributing association members.

Efforts of the Pacific Coast Knitted Outerwear Association (a branch of the national association) were unsuccessful (*) in obtaining pledges to observe the voluntary code from approximately 80 to 85 per cent of the mills of the Pacific Coast, it was reported. This report was made, however, after cessation of voluntary code activities by the National Knitted Outerwear Association.

A report at the end of October disclosed that the Western Districts centered around Milwaukee, Wisconsin were still active in securing signers of pledges to observe a voluntary trade code. Nothing further

(*) See 1935 Year Book Edition of "Knitted Outerwear Times", published October 3, 1935, by Nat'l Knitted Outerwear Assn. N.Y.C.

is known at the time of this writing. (*)

Nothing worthy of note is known (**) of the accomplishments of the Infants' and Children's Knitted Outerwear Association, the Metropolitan Knitted Textile Association and the bathing suit manufacturers whose executive bodies adopted or recognized the principal of the trade code at the beginning.

At the time of the general activity for adoption of the voluntary trade code, there were invitations open to all industries to submit to the federal government agreements in the form permitted by the Federal Trade Commission Act. No such agreement was submitted by the knitted outerwear industry pursuant to that invitation. Explanations, given in the "Knitted Outerwear Times", issue of July 18, 1935, were:

> "The trade-code for the industry has not been submitted to the Federal Trade Commission, the National Knitted Outerwear Association made known, despite the fact that compacts are flowing into the Trade Commission offices from other industries.
>
> "It was explained that the Knitted Outerwear Trade-Code went beyond the presentations of other industries to the Trade Commission. These latter are being submitted in accordance with powers vested in the Federal Trade Commission back in 1929, at which time the National Association secured ratification of the fair trade practice rules for the industry.
>
> "There would be no point, according to S. S. Korzenik, Association Secretary, in submitting a pact embodying these trade practices as they have already been accepted by the FTC. The projected trade-code, however, is a binding agreement between members of the industry, enforceable in the courts." (***)

Among the industry activities following the repeal of the NRA Knitted Outerwear Code were movements by the contractors to maintain the gain in cost accounting made under NRA. Meetings held by this group, both before and after the Supreme Court decision, for the purpose of planning continuance of benefits of the NRA "Regulations for Contract System of Production," brought forth no effective plan. The last known meeting of contractors was held in the middle of the month of September, 1935. (****)

(*) See 1935 Year Book Edition of the "Knitted Outerwear Times" published October 31, 1935 by National Knitted Outerwear Ass'n. N.Y.C.

(**) See "Knitted Outerwear Times" issues of June 13 and July 11, 1935.

(***) The rules formerly approved by the Federal Trade Commission are discussed in Chapter III.

(****) See "Knitted Outerwear Times", issue of September 19, 1935. Published by National Knitted Outerwear Ass'n., N.Y.C.

Additional data on post-code conditions is highly desirable.

A picture of business conditions altogether different from the one implied by the bare fact that the industry failed in its regulatory activities might be presented by an accurate survey of the industry field. Even in the absence of post-code statistical data, it is firmly believed that the failure of the industry in establishing voluntary regulations was not due to lack of need.

No voluntary trade practice code has been submitted to the Federal Trade Commission (*) since the Schechter decision.

(*) Statement of Mr. George McCorkle, Director of Trade Practice Conferences, Federal Trade Commission (3/19/36).

APPENDIX I

THE FIELD FOR FURTHER RESEARCH

This study as first planned was much broader than the product actually realized. Limitation of resources made it impossible to carry out the investigation which was planned. For example, field work had to be limited to a visit to the former code authority offices of the Knitting industries, and to an interview with their executive directors.

In preparing this study, the authors were confined principally to materials obtainable in Washington, mainly that contained in the files of the National Recovery Administration. Some further information was obtained by special tabulations made by the Census Department and the Bureau of Labor Statistics. This material was of course supplemented by an examination of printed books and pamphlets on the knitting industries.

Written information was supplemented by the authors' NRA experience, contracts with these and related industries, and conferences with NRA officials intimately connected with the administration of these codes.

Examination of this report reveals that it is deficient in many respects. Some ways in which it could be improved by further research are:

Uncompleted Work

An extensive tabulation of the data in "Davison's Knit Goods Trades" was begun early in the study, but only the tabulation of the data on machinery has been completed. Already recorded on cards now in the Statistical Section, are data on the raw material purchases by type, as of product produced by each plant in the industries. Perhaps much could be gleaned from this material regarding the diversity of the products of the industries, and the degree of specialization and overlap among different products produced in individual plants. Information regarding selling outlets used by plants in the industries is also on these cards. From further data contained on these cards, it would be possible to ascertain the location of plants in the industries, by state and by size of city of location, as well as to further develop the data contained in the report on size of establishments.

Machine Hour Limitations

This subject certainly should be studied more fully, especially with respect to its effect upon the manufactures of special types of products; for example, the report contains no account of the Forest City Knitting Company exemption. This Company claimed to be making a very special type of work sock, and claimed that the machine restrictions were unfair to it. Similar investigations could be made for other special products, such as fancy infants' and children's wear, and other products requiring special treatment in machine hour limitations because of style and/or seasonality factors.

Prices

It would be interesting to investigate the actual amount of price bolstering that occurred due directly to provisions of the codes affecting prices, (other than labor provisions), such as prohibition of price guarantees, and machine hour restrictions.

Labor

The degree and extent of unionization in the knitting industries should be studied in any future examination. The effect of this unionization on wages in different areas should be studied. Seasonality and its effect on workers and their annual earnings should also be studied.

Industrial Migration

There is an indicated trend toward migration of the industries to the South and to small-sized cities. The reasons back of this migration, and its extent should be examined.

Trade Practice Provisions

The effects of trade practice provisions, and difficulties of enforcing these provisions, should be investigated, especially in regard to the ease of evading trade practice provisions through collusion between customers and manufacturers.

Machinery Data

In connection with the machinery data contained in this report, estimates could be made of the industries' total capacity to produce, provided all of the machinery were operated full-time at maximum efficiency. It would be interesting to know to what extent overhead could be reduced by this procedure, and if prices could be reduced sufficiently to increase the market for the products and yet have a stable market. The amount of old machinery, obsolescence, modernization, and adjustment of machinery to changing economic conditions, such as style, are further fields for study.

Integration

The possibility for developing completely integrated units, manufacturing their own raw materials, as well as conducting their own selling agencies, (perhaps to the ultimate consumer), might solve some of the industries' problems. Success in this line seems already to have been achieved by one hosiery firm, the Real Silk Hosiery Mills.

Financial Problems

The field of study along financial lines in these industries has only been scratched. Not even the available data have been thoroughly studied. An examination of corporate set-ups, especially the family-owned enterprises in the outerwear field, the amount of profits by size groups, (distributed by quartiles as was done in the underwear portion

of the report), and by products, should yield interesting information.

Motives for Codification

This is obviously a field for further investigation since trade associations had various reasons for desiring codes. In some industries, the trade associations were greatly interested in strengthening their organizations, and spent a great deal of effort in obtaining members. In other industries, codification was largely due to pressure from organized labor. On the otherhand, it is possible that some industries desired codes as shields to prevent government interference. Then too, one of the principal reasons for codes according to the viewpoint of some industries was the boosting of prices which they hoped to obtain bu use of codes.

OFFICE OF THE NATIONAL RECOVERY ADMINISTRATION
THE DIVISION OF REVIEW

THE WORK OF THE DIVISION OF REVIEW

Executive Order No. 7075, dated June 15, 1935, established the Division of Review of the National Recovery Administration. The pertinent part of the Executive Order reads thus:

> The Division of Review shall assemble, analyze, and report upon the statistical information and records of experience of the operations of the various trades and industries heretofore subject to codes of fair competition, shall study the effects of such codes upon trade, industrial and labor conditions in general, and other related matters, shall make available for the protection and promotion of the public interest an adequate review of the effects of the Administration of Title I of the National Industrial Recovery Act, and the principles and policies put into effect thereunder, and shall otherwise aid the President in carrying out his functions under the said Title. I hereby appoint Leon C. Marshall, Director of the Division of Review.

The study sections set up in the Division of Review covered these areas: industry studies, foreign trade studies, labor studies, trade practice studies, statistical studies, legal studies, administration studies, miscellaneous studies, and the writing of code histories. The materials which were produced by these sections are indicated below.

Except for the Code Histories, all items mentioned below are scheduled to be in mimeographed form by April 1, 1936.

THE CODE HISTORIES

The Code Histories are documented accounts of the formation and administration of the codes. They contain the definition of the industry and the principal products thereof; the classes of members in the industry; the history of code formation including an account of the sponsoring organizations, the conferences, negotiations and hearings which were held, and the activities in connection with obtaining approval of the code; the history of the administration of the code, covering the organization and operation of the code authority. the difficulties encountered in administration, the extent of compliance or non-compliance, and the general success or lack of success of the code, and an analysis of the operation of code provisions dealing with wages, hours, trade practices, and other provisions. These and other matters are canvassed not only in terms of the materials to be found in the files, out also in terms of the experiences of the deputies and others concerned with code formation and administration.

The Code Histories, (including histories of certain NRA units or agencies) are not mimeographed. They are to be turned over to the Department of Commerce in typewritten form. All told, approximately eight hundred and fifty (850) histories will be completed. This number includes all of the approved codes and some of the unapproved codes. (In Work Materials No 18, Contents of Code Histries, will be found the outline which governed the preparation of Code Histories.)

(In the case of all approved codes and also in the case of some codes not carried to final approval, there are in NRA files further materials on industries. Particularly worthy of mention are the Volumes I, II and III which constitute the material officially submitted to the President in support of the recommendation for approval of each code. These volumes

set forth the origination of the code, the sponsoring group, the evidence advanced to support the proposal, the report of the Division of Research and Planning on the industry, the recommendations of the various Advisory Boards, certain types of official correspondence, the transcript of the formal hearing, and other pertinent matter. There is also much official information relating to amendments, interpretations, exemptions, and other rulings. The materials mentioned in this paragraph were of course not a part of the work of the Division of Review.)

THE WORK MATERIALS SERIES

In the work of the Division of Review a considerable number of studies and compilations of data (other than those noted below in the Evidence Studies Series and the Statistical Material Series) have been made. These are listed below, grouped according to the character of the material. (In Work Materials No. 17, Tentative Outlines and Summaries of Studies in Process, these materials are fully described).

Industry Studies

Automobile Industry, An Economic Survey of
Bituminous Coal Industry under Free Competition and Code Regulation, Economic Survey of
Electrical Manufacturing Industry, The
Fertilizer Industry, The
Fishery Industry and the Fishery Codes
Fishermen and Fishing Craft, Earnings of
Foreign Trade under the National Industrial Recovery Act
  Part A - Competitive Position of the United States in International Trade 1927-29 through 1934.
  Part B - Section 3 (e) of NIRA and its administration.
  Part C - Imports and Importing under NRA Codes.
  Part D - Exports and Exporting under NRA Codes.
Forest Products Industries, Foreign Trade Study of the
Iron and Steel Industry, The
Knitting Industries, The
Leather and Shoe Industries, The
Lumber and Timber Products Industry, Economic Problems of the
Men's Clothing Industry, The
Millinery Industry, The
Motion Picture Industry, The
Migration of Industry, The: The Shift of Twenty-Five Needle Trades From New York State, 1926 to 1934
National Labor Income by Months, 1929-35
Paper Industry, The
Production, Prices, Employment and Payrolls in Industry, Agriculture and Railway Transportation, January 1923, to date
Retail Trades Study, The
Rubber Industry Study, The
Textile Industry in the United Kingdom, France, Germany, Italy, and Japan
Textile Yarns and Fabrics
Tobacco Industry, The
Wholesale Trades Study, The
Women's Neckwear and Scarf Industry, Financial and Labor Data on

Women's Apparel Industry, Some Aspects of the

Trade Practice Studies

Commodities, Information Concerning: A Study of NRA and Related Experiences in Control
Distribution, Manufacturers' Control of: Trade Practice Provisions in Selected NRA Codes
Distributive Relations in the Asbestos Industry
Design Piracy: The Problem and Its Treatment Under NRA Codes
Electrical Mfg. Industry: Price Filing Study
Fertilizer Industry: Price Filing Study
Geographical Price Relations Under Codes of Fair Competition, Control of
Minimum Price Regulation Under Codes of Fair Competition
Multiple Basing Point System in the Lime Industry: Operation of the
Price Control in the Coffee Industry
Price Filing Under NRA Codes
Production Control in the Ice Industry
Production Control, Case Studies in
Resale Price Maintenance Legislation in the United States
Retail Price Cutting, Restriction of, with special Emphasis on The Drug Industry.
Trade Practice Rules of The Federal Trade Commission (1914-1936): A classification for comparison with Trade Practice Provisions of NRA Codes.

Labor Studies

Cap and Cloth Hat Industry, Commission Report on Wage Differentials in
Earnings in Selected Manufacturing Industries, by States, 1933-35
Employment, Payrolls, Hours, and Wages in 115 Selected Code Industries 1933-35
Fur Manufacturing, Commission Report on Wages and Hours in
Hours and Wages in American Industry
Labor Program Under the National Industrial Recovery Act, The
Part A. Introduction
Part B. Control of Hours and Reemployment
Part C. Control of Wages
Part D. Control of Other Conditions of Employment
Part E. Section 7(a) of the Recovery Act
Materials in the Field of Industrial Relations
PRA Census of Employment, June, October, 1933
Puerto Rico Needlework, Homeworkers Survey

Administrative Studies

Administrative and Legal Aspects of Stays, Exemptions and Exceptions, Code Amendments, Conditional Orders of Approval
Administrative Interpretations of NRA Codes
Administrative Law and Procedure under the NIRA
Agreements Under Sections 4(a) and 7(b) of the NIRA
Approve Codes in Industry Groups, Classification of
Basic Code, the -- (Administrative Order X-61)
Code Authorities and Their Part in the Administration of the NIRA
Part A. Introduction
Part B. Nature, Composition and Organization of Code Authorities

Part C. Activities of the Code Authorities
Part D. Code Authority Finances
Part E. Summary and Evaluation
Code Compliance Activities of the NRA
Code Making Program of the NRA in the Territories, The
Code Provisions and Related Subjects, Policy Statements Concerning
Content of NIRA Administrative Legislation
Part A. Executive and Administrative Orders
Part B. Labor Provisions in the Codes
Part C. Trade Practice Provisions in the Codes
Part D. Administrative Provisions in the Codes
Part E. Agreements under Sections 4(a) and 7(b)
Part F. A Type Case: The Cotton Textile Code
Labels Under NRA, A Study of
Model Code and Model Provisions for Codes, Development of
National Recovery Administration, The: A Review of its Organization and Activities
NRA Insignia
President's Reemployment Agreement, The
President's Reemployment Agreement, Substitutions in Connection with the
Prison Labor Problem under NRA and the Prison Compact, The
Problems of Administration in the Overlapping of Code Definitions of Industries and Trades, Multiple Code Coverage, Classifying Individual Members of Industries and Trades
Relationship of NRA to Government Contracts and Contracts Involving the Use of Government Funds
Relationship of NRA with States and Municipalities
Sheltered Workshops Under NRA
Uncodified Industries: A Study of Factors Limiting the Code Making Program

Legal Studies

Anti-Trust Laws and Unfair Competition
Collective Bargaining Agreements, the Right of Individual Employees to Enforce
Commerce Clause, Federal Regulation of the Employer-Employee Relationship Under the
Delegation of Power, Certain Phases of the Principle of, with Reference to Federal Industrial Regulatory Legislation
Enforcement, Extra-Judicial Methods of
Federal Regulation through the Joint Employment of the Power of Taxation and the Spending Power
Government Contract Provisions as a Means of Establishing Proper Economic Standards, Legal Memorandum on Possibility of
Industrial Relations in Australia, Regulation of
Intrastate Activities Which so Affect Interstate Commerce as to Bring them Under the Commerce Clause, Cases on
Legislative Possibilities of the State Constitutions
Post Office and Post Road Power -- Can it be Used as a Means of Federal Industrial Regulation?
State Recovery Legislation in Aid of Federal Recovery Legislation History and Analysis
Tariff Rates to Secure Proper Standards of Wages and Hours, the Possibility of Variation in
Trade Practices and the Anti-Trust Laws
Treaty Making Power of the United States
War Power, Can it be Used as a Means of Federal Regulation of Child Labor?

9768--4.

THE EVIDENCE STUDIES SERIES

The Evidence Studies were originally undertaken to gather material for pending court cases. After the Schechter decision the project was continued in order to assemble data for use in connection with the studies of the Division of Review. The data are particularly concerned with the nature, size and operations of the industry; and with the relation of the industry to interstate commerce. The industries covered by the Evidence Studies account for more than one-half of the total number of workers under codes. The list of those studies follows:

Automobile Manufacturing Industry
Automotive Parts and Equipment Industry
Baking Industry
Boot and Shoe Manufacturing Industry
Bottled Soft Drink Industry
Builders' Supplies Industry
Canning Industry
Chemical Manufacturing Industry
Cigar Manufacturing Industry
Coat and Suit Industry
Construction Industry
Cotton Garment Industry
Dress Manufacturing Industry
Electrical Contracting Industry
Electrical Manufacturing Industry
Fabricated Metal Products Mfg. and Metal Finishing and Metal Coating Industry
Fishery Industry
Furniture Manufacturing Industry
General Contractors Industry
Graphic Arts Industry
Gray Iron Foundry Industry
Hosiery Industry
Infant's and Children's Wear Industry
Iron and Steel Industry
Leather Industry
Lumber and Timber Products Industry
Mason Contractors Industry
Men's Clothing Industry
Motion Picture Industry
Motor Vehicle Retailing Trade
Needlework Industry of Puerto Rico
Painting and Paperhanging Industry
Photo Engraving Industry
Plumbing Contracting Industry
Retail Lumber Industry
Retail Trade Industry
Retail Tire and Battery Trade Industry
Rubber Manufacturing Industry
Rubber Tire Manufacturing Industry
Shipbuilding Industry
Silk Textile Industry
Structural Clay Products Industry
Throwing Industry
Trucking Industry
Waste Materials Industry
Wholesale and Retail Food Industry
Wholesale Fresh Fruit and Vegetable Industry
Wool Textile Industry

THE STATISTICAL MATERIALS SERIES

This series is supplementary to the Evidence Studies Series. The reports include data on establishments, firms, employment, Payrolls, wages, hours, production capacities, shipments, sales, consumption, stocks, prices, material costs, failures, exports and imports. They also include notes on the principal qualifications that should be observed in using the data the technical methods employed, and the applicability of the material to the study of the industries concerned. The following numbers appear in the series:
9768—5.

Asphalt Shingle and Roofing Industry
Business Furniture
Candy Manufacturing Industry
Carpet and Rug Industry
Cement Industry
Cleaning and Dyeing Trade
Coffee Industry
Copper and Brass Mill Products Industry
Cotton Textile Industry
Electrical Manufacturing Industry
Fertilizer Industry
Funeral Supply Industry
Glass Container Industry
Ice Manufacturing Industry
Knitted Outerwear Industry
Paint, Varnish, and Lacquer, Mfg. Industry
Plumbing Fixtures Industry
Rayon and Synthetic Yarn Producing Industry
Salt Producing Industry

THE COVERAGE

The original, and approved, plan of the Division of Review contemplated resources sufficient (a) to prepare some 1200 histories of codes and NRA units or agencies, (b) to consolidate and index the NRA files containing some 40,000,000 pieces, (c) to engage in extensive field work, (d) to secure much aid from established statistical agencies of government, (e) to assemble a considerable number of experts in various fields, (f) to conduct approximately 25% more studies than are listed above, and (g) to prepare a comprehensive summary report.

Because of reductions made in personnel and in use of outside experts, limitation of access to field work and research agencies, and lack of jurisdiction over files, the projected plan was necessarily curtailed. The most serious curtailments were the omission of the comprehensive summary report; the dropping of certain studies and the reduction in the coverage of other studies; and the abandonment of the consolidation and indexing of the files. Fortunately, there is reason to hope that the files may yet be cared for under other auspices.

Notwithstanding these limitations, if the files are ultimately consolidated and indexed the exploration of the NRA materials will have been sufficient to make them accessible and highly useful. They constitute the largest and richest single body of information concerning the problems and operations of industry ever assembled in any nation.

L. C. Marshall,
Director, Division of Review.

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